

JPRS 82297

22 November 1982

Near East/North Africa Report

No. 2664



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

22 November 1982

NEAR EAST/NORTH AFRICA REPORT

No. 2664

CONTENTS

INTERNATIONAL AFFAIRS

| | |
|---|---|
| Joint Statement of Palestinian, Egyptian Communist Parties (AL-YASAR AL-'ARABI, Oct 82)..... | 1 |
| Israeli Arabs Want Open Border With Lebanon (Jerusalem Domestic Service, 7, 8 Nov 82)..... | 6 |
| Visitation With Relatives Israel Said Limiting Palestinians Visits | |
| Briefs | |
| Imports From Lebanon | 7 |
| Iranian Oil for Soviet Arms | 7 |

INTER-ARAB AFFAIRS

| | |
|---|----|
| Officials Discuss International Activity of Banking System (AL-IQTISAD WA AL-A'MAL, Aug-Sep 82)..... | 8 |
| Creative Financial Planning, by 'Abd al-Latif Al-Hamad Analysis of Private Investment | |
| West Bank Communist Paper Laments Loss of 'Voice of Palestine' (Voice of PLO, 1 Nov 82)..... | 16 |
| Briefs | |
| Olive Oil Importation Barred | 19 |

EGYPT

| | |
|--|----|
| Statement of Egyptian Communist Party (AL-YASAR AL-'ARABI, Sep 82)..... | 20 |
|--|----|

| | |
|--|----|
| Islamic Scholars Press for Application of Islamic Law (Khamis al-Bakri; AL-NUR, 6 Oct 82)..... | 23 |
| Islamic Writer Laments Delays in Application of Islamic Law (al-Hmazah Wahbi; AL-NUR, 13 Oct 82)..... | 31 |

ISRAEL

| | |
|--|----|
| Harif on Outstanding Issues With U.S. (Yosef Harif; MA'ARIV, 5 Nov 82)..... | 33 |
| No Negotiations Now on 'Ansar Prisoners (HA'ARETZ, 8 Nov 82)..... | 41 |
| Jerusalem 'AL-QUDS' Urges W. Bankers To Speak Up (Uthman al-Hallaq; AL-QUDS, 29 Oct 82)..... | 43 |
| Jerusalem Arabic Radio Praises Jordan TV Commentary (Ya'qub Khazmah; Arabic to the Arab World, 7 Nov 82)..... | 45 |
| Jerusalem 'AL-FAJR' Urges PLO-Israeli Dialogue (Editorial; AL-FAJR, 1 Nov 82)..... | 46 |
| Performance of Israeli-Made Pilotless Plane Reported (Jerusalem Domestic Television Service, 5 Nov 82)..... | 47 |
| Hebron Electricity Severed Because Bill Not Paid (Jerusalem Domestic Service, 4 Nov 82)..... | 50 |
| Briefs | |
| Communist Paper Opposes Reagan Plan | 51 |
| Committee on Arab Affairs Formed | 51 |
| Socialist Conference | 51 |
| Electricity Resumed | 52 |
| Settlement Dismantlement Not Possible | 52 |
| Correspondent Visits IDF Captives | 52 |
| Negev Airfield Site Evacuated | 52 |
| Captive Israelis Visited | 53 |
| Village League Bodyguard Slaying | 53 |

JORDAN

| | |
|--|----|
| Possibility of Political Party Restoration Discussed (AL-MUSTAQBAL, 25 Sep 82)..... | 54 |
| Central Bank Governor Discusses Amman as Financial Center (AL-DUSTUR, 12 Sep 82)..... | 63 |

KUWAIT

- French To Build Bridge to Bubiyan Island
(Jean-Gabriel Fredet; LE MATIN, 20 Oct 82)..... 71

LEBANON

- Possibility of Economy's Recovery From War Damage Viewed as
Bleak
(AL-IQTISAD WA AL-A'MAL, Aug-Sep 82)..... 73

MAURITANIA

- Briefs
Famine Threat..... 78

QATAR

- Preparations for Post-Oil Society Discussed
(AL-'AHD, 31 Aug, 7 Sep 82)..... 79

Development Plans Outlined, al-Shaykh 'Abd-al-'Aziz ibn
Khalifah Aal Thani Interview
Report on Budget

SAUDI ARABIA

- American Initiative Analyzed
(Husayn al-Shar'; AL-RIYAD, 8 Sep 82)..... 90

TUNISIA

- Efforts of Tunisian Technical Cooperation Agency Discussed
(AL-'AMAL, 28 Jul 82)..... 98

Report on Industrial Production in Key Sectors
(LE TEMPS, 8 Oct 82)..... 103

Regional Transport Company's Expansion, Personnel Programs
Described
(DIALOGUE, 11 Oct 82)..... 110

INTERNATIONAL AFFAIRS

JOINT STATEMENT OF PALESTINIAN, EGYPTIAN COMMUNIST PARTIES

Paris AL-YASAR AL-'ARABI in Arabic No 47 Oct 82 pp 12, 21

[Article: "Joint Communique Issued about Meeting of Two Delegations of Leaders of Egyptian, Palestinian Communist Parties"]

[Text] Israel's aggression is part of the process of international tension that is being conducted by the Reagan administration.

Reactionary regimes are in collusion with the Arab right.
The process of separating the classes in the region is being accelerated.

Leaders of the Egyptian and Palestinian communist parties met to consult with each other and to consider current dangerous conditions in the Arab homeland and problems that are of interest to the two fraternal parties. A joint communique was issued about the meeting. The meeting was held and the communique issued at the end of August before the rapid developments that appeared for the first time on the Arab scene.

The text of the communique follows.

During a meeting early this September of representatives of the leaders of the two fraternal parties--the Egyptian communist party and the Palestinian communist party--a review was conducted of the situation that was created by Israel's aggression on Lebanon and of the complications of that aggression.

Representatives of the two fraternal parties noted that this serious aggression was part of the process of creating international tension which was being conducted by the Reagan administration. They noted that the aggression was an episode in the imperialist-Zionist plan and that a number of serious negative developments in the area had made the climate suitable for aggression. Foremost among these developments were the signing of the Camp David Accords, the normalization of Israeli-Egyptian relations and the stationing of U.S. and NATO forces in Sinai. Israel's military was thus finally able to rule Egypt out of their projected plans. [Another development] was the war that was launched by the Iraqi regime against Iran's revolution. This war has depleted the human and material resources of these two countries which should have been utilized instead as a strategic reserve for the joint national Palestinian-Syrian-Lebanese forces.

U.S. and NATO ships are stationed in the Gulf area and in the east Mediterranean under the guise of agreements they have for facilities. They are taking advantage of the climates of war between Iraq and Iran and utilizing the activities of Saudi and Gulf rulers to create a military bloc which would later be linked with the parties to Camp David in the context of a so-called strategic consensus. This would be led by the United States which hopes to extend its full control over the region and its wealth.

Coordination between Washington and Tel Aviv

Representatives of both parties noted that this aggression, with the critical level of coordination it revealed between Washington and Tel Aviv, was a manifestation of the strategic cooperation agreement between the United States and Israel which was signed last year. This is being countered by a deterioration in the level of Arab solidarity, unprecedented since World War II. This deterioration has been the result of the fact that reactionary regimes and the Arab right have been in collusion with the aggressors. It is the result of the fact that some factions of the Arab Liberation Movement and its organizations which oppose imperialism and Camp David have wavered. It is [these two facts] that are doubling the responsibilities of the working classes and the other popular classes in the battle against the alliance between the United States, Israel and Arab reactionaries. [The working classes and the other popular classes have to assume greater responsibilities] to rejuvenate Arab solidarity which encompasses a decisive battle against imperialism and Zionism and their plans in the area.

The shameful collusion of reactionary Arab regimes in this aggression revealed how far these regimes have strayed from the national and ethnic questions of their people and how far they have shifted to the enemies' camp. In turn, this collusion reflects the process of separating the classes that is going on in the area. The process is being accelerated by the abundant revenues that are earned by reactionary oil countries, foremost among whom are the rulers of Saudi Arabia.

The official policies of Egypt's rulers toward Israel's aggression, which came only a few weeks after Israeli troops withdrew from Sinai, indicated to the broadest national and popular forces the true substance of the Camp David accords.

National Egyptian Forces

In contrast to Egypt's official position, broad sectors of Egypt's political and national forces expressed from the first moment their condemnation of the aggression and their deep sympathy with the Palestinian and Lebanese peoples. This [sentiment] was reflected in the positions that were assumed by opposition parties, chief among which is the Egyptian communist party, and in the actions of labor unions and professional associations. A national committee to support the Palestinian and Lebanese Peoples [was formed]; campaigns to collect contributions [were organized]; delegations and support were sent to Beirut; and people volunteered to fight with the Palestinian Revolution and the Lebanese National Movement. National and progressive political forces called for the liberation of Egypt from its captivity to the Camp David Accords and the Egyptian-Israeli peace treaty. They called for breaking diplomatic relations between Egypt and Israel; recalling the Egyptian ambassador [to Israel]; expelling Israel's ambassador to Egypt; and halting the normalization process. They called for delivery of oil

from Sinai to Israel to be prohibited; Israel's tanks and airplanes run on this oil, creating havoc in Lebanon's territory and air space.

However, the Egyptian regime rejected and manipulated this popular movement that developed and grew and [eventually] established itself despite the emergency law. The Egyptian regime resorted to some repressive measures in an attempt to check the growth of this political movement lest it turn into a deep-rooted popular movement.

Heroic Resistance in Beirut

In reviewing the objectives of the U.S.-Israeli aggression, especially those which have to do with the Palestinian question and the situation in Lebanon, representatives of the two fraternal parties expressed their conviction that the dreadful, pre-meditated crime to eliminate the leaders of the PLO physically and to put an end to the organization's military and political agencies was thwarted due to the heroic resistance put up by the Palestinian Resistance, the Lebanese National Movement and the Syrian forces in Beirut. It was also due to the broad and energetic international solidarity campaign, especially from the Soviet Union and the remaining countries of the socialist organization that the crime was thwarted. It was thus possible to save the PLO, and that is extremely important politically and spiritually for the subsequent course of the Palestinian people's struggle.

The Task of Preserving Palestinian National Unity

In the circumstances following the departure from Beirut the U.S.-Israeli-reactionary Arab alliance has been counting on weakening and undermining Palestinian national unity, assailing the independence of Palestinian political decision makers and creating alternatives to the liberation organization. In light of this fact representatives of the two fraternal parties think that preserving and strengthening Palestinian national unity within the country and abroad in the context of the PLO, the sole legitimate representative of all the Palestinian people, constitutes the central action in a series of actions that can be taken to thwart these wicked objectives.

Palestinian national unity is based on a realistic political premise whose aim is to assert the right of the Arab people of Palestine to have an independent Palestinian state on Palestinian territory occupied in 1967, after this territory is liberated. Palestinian national unity is also based on the right of Palestinian refugees to return to their homes in accordance with UN resolutions. With liberal Arab support and international solidarity such unity would be capable of opposing all U.S.-Israeli conspiracies against the rights of the Palestinian people. These conspiracies are expected to get worse at this stage.

The Catch Phrase of a Palestinian Government in Exile

Representatives of the two parties noted that the catch phrase of establishing a Palestinian government in exile at this time in particular would serve the efforts of undermining the prestige and influence of the PLO, the sole legitimate representative of the Palestinian people. Such action would take the PLO out of the limelight and create conflicts and differences within the Palestinian Revolution and its various factions.

Representatives of the two fraternal parties gave high marks to the heroism displayed by Palestinian fighters and by the Lebanese National [forces] in opposing the Israeli aggressors. They considered these heroic deeds, which displayed the best image and the greatest courage and sacrifice of those fighters, to be representative of the spirit of Arab nations and their authentic national liberation movement. At the same time these heroic deeds upset falsified and erroneous notions and accepted facts that developed basically around the impotence, apathy and even collusion of reactionary regimes and the Arab right. These falsified and erroneous notions also developed around an anti-democratic policy that shackles the unlimited capacities of the masses, especially regarding the possibilities of restraining and defeating the Israeli-imperialist aggression when the will to fight becomes available and actual preparations for fighting are made.

Solidarity with the Lebanese National Movement

Both parties expressed their total solidarity with the Lebanese National Movement and with the fraternal Lebanese communist party in their heroic opposition to Israel's aggression and their continued struggle against Israel's occupation to thwart the separatist imperialist-Zionist plans to control Lebanon, to break up its unity and to subjugate it to the hegemony of Fascist separatists.

Appreciation for the Soviet Position

Representatives of the two fraternal parties expressed their esteem and appreciation for the principle of the Soviet position and for the firm support the Soviets gave the victims of the U.S.-Israeli aggression on Lebanon. They expressed their appreciation for what the Soviets did against this aggression under complicated Arab circumstances. Representatives of both parties strongly condemned the skepticism campaigns that were being promoted by imperialist and Zionist circles to get the better of the principles and firmness of Soviet support for victims of this aggression and Soviet solidarity with those victims. They also condemned the active participation of Arab reactionaries in these skepticism campaigns in an attempt to cover up their apathy and their collusion with the aggressors. Representatives of both parties asserted that by relying on [their] friendship with the Soviet Union and strengthening that friendship, the Arab Liberation Movement will undoubtedly be able to defeat the various conspiracies of the imperialist-Zionist-reactionary alliance if this movement mobilizes its non-depletable energies.

The delegation of the Egyptian communist party expressed its profound appreciation for the struggle of Palestinian communists who over 10 years played the role of loyal defenders of the interests of the Arab people of Palestine. They made generous sacrifices in the battles they fought against the British mandate and against the Zionist aggression on Palestinian territory. Palestinian communists have always constituted the vanguard of the Palestinian National Liberation Movement. Their struggle culminated in the establishment of the Palestinian communist party. They played a remarkable role in leading popular uprisings in the occupied land. These uprisings are considered among the most remarkably steadfast aspects of the Palestinian National Resistance. For its part the Palestinian communist party expressed its appreciation for the energetic and significant role that the Egyptian communist party is playing in the context of

the Egyptian National Movement to put an end to regressive and capitulatory policies, to abrogate the Camp David Accords and their sequels and to restore Egypt to its natural place of leadership in the Arab Liberation Movement.

Representatives of the two fraternal parties expressed their satisfaction with the development of congenial relations between their two parties. They expressed their determination to continue developing and strengthening these relations.

8592

CSO: 4504/36

INTERNATIONAL AFFAIRS

ISRAELI ARABS WANT OPEN BORDER WITH LEBANON

Visitation With Relatives

TA070932 Jerusalem Domestic Service in Hebrew 0900 GMT 7 Nov 82

[Text] Heads of local councils and other figures from the Arab sector are asking Israeli authorities to open the border with Lebanon to Arab Israelis who want to visit their relatives there, and to allow Palestinians from Lebanon to stay in Israel for limited periods of time. The local council head of the village of Sha'ab has said that opening the border will enable Arab Israelis to win sympathy for Israel in Lebanon, and will show the Palestinians who visit us that it is possible to coexist, to maintain neighborly relations between Arabs and Jews. He said that now only a small privileged group receives permits to visit Lebanon, and that this has caused anger among the others. The heads of other local councils have said that permits to visit Lebanon are being sold for upwards of \$200 on the black market. The prime minister's adviser on Arab affairs, Binaymin Gur-arye, told our correspondent Yo'el Dar that few permits are granted for security reasons. He recalled that four Arab Israelis have recently disappeared in Lebanon.

Israel Said Limiting Palestinians Visits

TA081312 Jerusalem Domestic Service in Hebrew 1035 GMT 8 Nov 82

[Text] The Israeli authorities limited issuing permits to Palestinians in southern Lebanon to visit Israel. A government source told our correspondent Yo'el Dar that one of the reasons for this is that the government of Lebanon is not interested in bringing into its country persons without citizenship. [Sentence as heard] The persons in question are Palestinians who refused to accept Lebanese citizenship until 1970.

CSO: 4400/68

INTERNATIONAL AFFAIRS

BRIEFS

IMPORTS FROM LEBANON--Israel will allow import of merchandise and products made in Lebanon, after a proper importing permit is issued. This was announced yesterday by the Ministry of Industry and Trade spokesman. The decision to allow imports from Lebanon is based on the view that proper trading relations should be based on reciprocity. Israeli importers will be able to import goods made in Lebanon after receiving an importing permit from the industry and trade ministry offices in Haifa and the north region. Such a permit will be given after a check designed to ensure that the importer meets the usual importing requirements. Importing from Lebanon was already done on a small scale. It included shipments of hides for the shoe industry, old tires for renewal and scrap metal. The export from Israel to Lebanon is continuing as usual and is similar to that of the last few months. However great care is taken not to export to Lebanon goods which are subsidised in Israel or agricultural products whose export might damage the local growers. These include products such as apples, potatoes and various citrus fruits. None of these products are allowed into Lebanon. [Text] [TA081526 Tel Aviv MA'ARIV in Hebrew 8 Nov 82 p 10]

IRANIAN OIL FOR SOVIET ARMS--London, 4 Nov--"Israel receives cheap oil from Iran in return for the Soviet arms it captured in Lebanon," Maronite businessmen in East Beirut and a representative of the Italian ESSO Company have reported. According to information published in the British monthly MIDDLE EAST, such a deal has been signed as part of the original deal which pledged Israeli arms to Iran in order to help it in its war against Iraq. The supply of Iranian oil was increased in the last stages of the Lebanon war and when West Beirut was under siege Iran supplied oil directly to Israel. As part of the agreement between the countries, it was decided that Iran would only send a token military unit to demonstrate solidarity with the Palestinians. It was also argued that the supply of the cheap oil to Israel was the cause for the world glut and the reason for the price freeze. The deal, signed on 2 August, contains an Israeli commitment to transfer captured arms and ammunition worth \$50 million in return for large quantities of oil at the price of no more than \$20 a barrel, compared to the world market price which ranges between \$29 and \$31. ["Exclusive" report from London by the correspondent in Britain] [Text] [TA050959 Tel Aviv HA'ARETZ in Hebrew 5 Nov 82 p 2]

CSO: 4400/68

OFFICIALS DISCUSS INTERNATIONAL ACTIVITY OF BANKING SYSTEM

Creative Financial Planning

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 40, Aug-Sep 82 pp 56-57

/Report of Address by 'Abd al-Latif Al-Hamad, Kuwaiti minister of finance and planning: "Beyond Oil Surpluses: Creative Financial Work"/

/Text/ AL-IQTISAD WA AL-A'MAL reviews in the following the most important points contained in the addresses delivered by 'Abd al-Latif al-Hamad, the Kuwaiti minister of finance and planning, and al-Shaykh Sulayman al-'Ulayyan, the chairman of the Riyadh Chamber of Commerce and Industry, a well-known Saudi businessman and a prominent Arab investor on the international level. The two addresses were delivered to a symposium of the Arab Bankers Association in London. It should be noted that all the addresses are reviewed briefly elsewhere and that they have all been characterized by a high level of profoundness and seriousness. We have chosen to focus on these two addresses for obvious reasons, namely that Minister al-Hamad is performing at present a distinctive role in the formulation of the Gulf financial policies. His address actually contained more than one important and significant suggestion. Al-Shaykh al-'Ulayyan, who touched on an important viewpoint concerning the reality of the private Arab investment, is considered one of the most prominent and internationally influential Arab investors. This gives his ideas value and weight beyond the framework of principled or theoretical projection.

Following is most of the content of the two addresses.

The address delivered by 'Abd al-Latif al-Hamad, the Kuwaiti minister of finance and planning, to the Arab Bankers Association's conference in London dealt with the spheres of the Arab-international banking activity in the 1980's. The most prominent point in the address is its warning to the banks that they will be called upon in the future to operate, live and survive without the oil surpluses. The address also contained a profound analysis of the experiment of the consortium banks.

Here is the address:

On the occasion of the holding of the conference of the Arab Bankers Association, I wish to express my deep faith that the initiative to form the Arab Bankers Association will be a practical contribution to determining the future of the Arab-international banking activity.

In my visualization, this future will be directly affected by two groups of factors, namely:

First, the situation expected to prevail in the world's economic and financial markets.

Second, the resources and capabilities which the Arab establishments will be able to protect and, consequently, the level of these establishment's achievement in a sphere where complexities are intensifying and where the competition is escalating constantly. Therefore, I will discuss these two factors.

Role of Arab-International Banking Activity

In this respect, two observations defining the dimensions of the current situation must be made:

1. The need to differentiate between the international banks founded in the so-called "countries with deficits," such as Morocco, Tunisia, Algeria and Lebanon, and the banks founded in the "countries with a surplus," particularly the Gulf states.
2. The need to differentiate between the international banking activity emanating from local bases, i.e. the Arab area itself, and the activity of the emigrant banks settled abroad, whether in the form of representative offices, branches or joint establishments. The issues and problems faced by these two groups may be identical at times and different at others. It is beneficial to note the identical factors and the differences.

Need for Subsidy

The fundamental problem facing these two types of banks emanates from the need to acclimatize the Arab banking activity, regardless of its financial strength, to a situation governed by factors over which we have no direct control. The state of stagnation in the economy of the major states will continue to curtail the volume of financing and raise competition in the loan markets.

The banking activity may find consolation in the fact that the international crisis has not impeded the constant expansion of the money markets at rates which exceed by far the investment and trade growth rates, i.e. at a rate of 25 percent annually throughout the past 10 years, keeping in mind that the Arab assets transferred to the world markets through Arab intermediaries do

not exceed 10 percent of the Arab-origin assets employed in these markets. For example, the total assets of the emigrant Gulf establishments do not exceed \$34 billion compared to the \$600-\$1,200 billion volume of the European market assets. Moreover, the fully paid capital of these banks, along with their reserves, does not exceed \$1.5 billion. This is a very modest figure when compared with the capital of other international banks.

These conditions must change in the future. This is necessary because it is natural for the Arab establishments to get their full share of the revenues of the Arab assets available for investment. Moreover, we should not disregard in the long run the danger of the control of foreign channels over the foreign /presumably meaning Arab/ assets. It is my belief that the change is inevitable as a result of the Arab investor's growing awareness that the specialized services offered by the major financial institutions can be secured by the Arab institutions. However, it is unrealistic to expect these Arab institutions to attain full potential in an extremely competitive financial market without help from their regional bases, whether in terms of financing or in terms of commercial development.

Financial Expatriation: Gains and Drawbacks

In this respect, the issues which have to be confronted and solved must be discussed. The first of these issues pertains to selecting the channel most conducive to expanding the sphere of banking activities. The past few years have witnessed considerable expansion in the contribution of the local Arab banks to the international banking activities. This expansion has been coupled with parallel expansion in the network of external units. Will the coming decade witness the continuation of this trend?

Forming New Capital Instead of Acquiring Existing Stocks

My personal experience with the external units has convinced me of the gains that can be reaped from the presence of direct external units in the main financial circles and from the bridges which these units can extend toward the Arab world generally, not to mention the practical experience these units provide to the Arab bankers, especially in this field where the human element is considered fundamental in determining success.

On the other hand, it must not be forgotten that the external units require some sacrifices from the local base. In countries such as the Gulf states, nature and history have imposed harsh limits on their industrial and agricultural expansion. Therefore, the banking system must be viewed not as a sector serving the other economic sectors but as a main and self-contained extension of the national economy. Economic diversification in these states requires in particular diversification in the local or international money sector.

If we add to these conditions the exposure of the external units to the difficulties of foreign markets which may be glutted with banks or financial complications, and perhaps discrimination, then it becomes obvious to us that the external units have to realize unique accomplishments in order to overcome their difficulties and to justify the concerted efforts exerted for their sake.

Inflation and Financial Results

The talk about the financial results of the external units leads us to discussing a third problem, namely the problem of inflation. Only a decade ago, the founding of a bank with a capital of \$100 million constituted an event in itself. In the near future, the average rate /capital/ of a serious institution will, judging by the past, amount to many times this figure as a result of constant inflation. The question that arises in this respect concerns measuring the financial results of the banks in light of these inflationary influences. To put it precisely, the question is whether it is necessary to correct the paper figures in light of the constant erosion of the real value of banks from one fiscal year to another.

The second point I wish to suggest in regard to the financial results under these inflationary conditions concerns the effectiveness of the relatively small-size and scattered units in comparison with the major units competing with them at an international level. Merger and expansion have been the two signs of development in several sectors, including the banking sector, especially in times of crises. Here we ask: Why has the Arab banking activity continued to be the exception in this regard? This question will apply, it seems, to the external units if the tendency toward being scattered in a number of the international financial circles continues. Isn't it possible at some stage to expect a reuniting of the efforts with the aim of enhancing the effectiveness of these units and, consequently, of responding to the hopes attached to the Arab banking activity.

Creative Action

One of these hopes is attached to the so-called reemployment of the Arab assets in sound long-range investments. Banking activity in itself is one of these investments, perhaps the most important of them, if the elements of direct employment and direct control are taken into consideration.

I believe that the Arab-international banking activity must focus more and more in the near future on what may be termed "creative financial activity." I mean by this that it must focus on the sectors and fields that do not impose on it an open confrontation with the established financial bases in the host countries, especially in the phases of slow growth. One of these spheres might be action to develop new capital instead of acquiring existing stocks, employing it in ordinary investments and being content with small profit margins.

Creative financial action also requires exploring new markets or developing the old markets instead of competing in crowded sectors.

Planning for difficult goals and preparing ourselves to confront the most precise tasks and to absorb, and at the same time develop, work already mastered by others is enough to enable us to overcome quickly the obstacles we have inherited as a result of our living in the past on the periphery of economic development.

Analysis of Private Investment

Beirut AL-IATISAD WA AL-A'MAL in Arabic No 40, Aug-Sep 82 pp 59-60

/al-Shaykh Sulayman al'Ulayyan: "Private Arab Investment Abroad; Flow of Private Investments into Arab Countries Is Greater Than Thought; Obstacles in Some of Arab Countries Still Prohibitive and Numerous; Arab Prefers Indirect Investment of His Liquidity Because His Main Concern Is His Work in Local, not International, Market"/

/Text/ Numerous questions are raised as to who is the ideal Arab investor, what are his aspirations and how does he manage his affairs?

There are no definite answers to these questions because there is no ideal Arab investor in the same way there is no ideal German or American investor.

However, the Arab countries have distinctive characteristics that constitute a natural background for the individual Arab investor. The importance of three of these characteristics are:

First, the Arab world is a part of the Third World in terms of its economy being a relatively underdeveloped economy. Like the other regions of the Third World countries (which have had a greater experience), the Arab countries did not undergo the experience of going through the interim phase of eliminating colonialism to building national independence until the past few decades. Like the rest of our national institutions, the local capital markets are new and young markets. As in the other forms of expertise needed by the numerous Arab sectors, the expertise needed to manage the capital markets is new and recently developed.

The dissimilarity between the current situation and the situation prevailing 30 years ago is noteworthy. The point I want to emphasize is the newness of the Arab money market. We are now turning from an economy based on the old "market" to an economy built on a broader base and more numerous and bigger institutions.

Second, the second historical peculiarity of the Arab world is that the legacy of the individual initiative is deep-rooted in the traditions of this world.

Third, the third historical peculiarity which constitutes the newest element influencing the direction of the individual Arab initiative is the Palestinian issue, considering that this issue is practically the direct or indirect reason for the political instability in the Arab area. No easy economic and social development is expected for countries that are subjected periodically to the aggression of the Israeli war machine. These wars have had an obvious impact on the Arab area's development and economic activity. Even though this issue is a political problem primarily, it is dangerous to underestimate its impact on the economies of the Arab countries and on the growth of the Arab money markets.

Private Local Investment

The Arab's capital lies, as in the case of every investor, in his business and institution. Consequently, he feels that he has to devote the major part of his efforts and of his assets for this business, if he wants it to continue.

This leads us to the question of the local markets for Arab capital. The percentage of Arab companies that have turned into public joint-stock companies is very small, and for reasons that may not evoke surprise. First, most of these companies are still run by the first or second founding generation. In most Arab countries, individual ownership, not partnership, has been the traditional form of business management.

Second, the profitability of these companies has enabled them to finance their growth from their intrinsic resources. Third, it is not expected that these companies will resort to borrowing from the capital market before they try borrowing, within certain limits, from the available sources, considering that resorting to the former comes only after a company's indebtedness reaches a certain limit.

From the angle of the individual investor, the first thing to be observed regarding the local money markets is the small size and immaturity of the secondary market. But wherever these markets are developed, the public's reaction has not only been enthusiastic but also feverish. This means that the problems of these markets does not lie in the lack of enthusiasm but, on the contrary, in the need for the local investor's restraint.

There is, second, a point which may be somewhat less important, namely the lack in a number of our financial markets of the needed correct data on the position of the companies whose shares are circulated or the companies that may take refuge in these markets. Unless reasonable reforms and regulations are introduced into the methods of accounting and of the publication of financial statements, it is unlikely that private individual investments will turn to these markets.

The gist is that the local investors are truly eager to invest their monies in the local market within the available limits, taking into consideration the normal precaution of not concentrating a large part of the investments in a single market. It is obvious that the volume of the monies set aside for local investment will develop in a line parallel to the development of the available investment channels and instruments and the development of the legally imposed financial information criteria. It seems to me that our governments are right in their eagerness to curtail the rapid development of these markets because our investing public still lacks experience and maturity. In any case, one of the ways to foil the sound development of these markets is to permit an unlimited number of speculators seeking to sell what is at times called shares when such shares are no more than worthless paper to enter these markets.

Private Investments Between Arab Countries

The new generation of Arab economists criticizes the limited flow of Arab assets between the Arab countries themselves. These economists may be influenced by pan-Arab thinking and by the European economic "merger" experiences. What I wish to stress here is that the inter-Arab investments are, on the one hand, broader than they imagine and that there are, on the other hand, well-founded reasons for the absence of this kind of investments in certain Arab markets.

To start with, it must be noted that foreign investments do not constitute a normal phenomenon for any advanced economy. The foreign investments of even this enormous example of the capitalist economy, meaning the United States, do not exceed 1 percent its total investments. Britain may be considered the exception to this rule because of its deep-rooted experience in foreign investment. Despite this, the British assets employed abroad do not exceed 10 percent of the total British investments. The natural tendency of any investor, wherever he may be, is to employ his monies in his country because this is the market whose dimensions this investor knows best.

Despite all this, there is an important flow of private Arab investments between the markets of the Arab countries. The most significant phenomenon at this level is the ever-intensifying transformation of the local banking activity into a regional activity. The Arab investor and institutions have invested in the regional financial institutions. Moreover, the local banks have begun to view the entire Arab area as the natural sphere of their activity. The Arab Bank is the first example of this expansion.

"Regionalization" of the money trade is the first step toward the "regionalization" of the capital markets. In addition, the stockholders in Arab banks have been eager to reduce the profits distributed to shareholders with the purpose of reinvesting these profits to bolster a bank's ability to grow. In fact, the Arab banking sector has experienced a considerable growth. At present, more than 36 Arab banks are included in the list of the 500 major banks in the world, keeping in mind that not a single Arab bank was included this list 15 years ago.

Finally, the abundant assets which the Arab businessmen invest in joint projects in the Arab world must be noted. The press often publishes figures on the number of Jordanians, Palestinians, Lebanese and Egyptians working as employees in the Gulf states but ignores the role played by the citizens of these countries at the level of investment and contracting in the Gulf states. It is my belief that the direct individual investments made by citizens of Arab non-Gulf countries in the Gulf countries exceed the direct investments made by citizens of the Gulf states in the Arab countries.

Arab-International Investment

Arab investments in the international markets are characterized as being "straightforward," considering that most of these investments are conservative, conventional and nonexhibitionistic. The Arabs have been

positive in their entry into the field of investment in the international capital markets. Their investments constitute an essential guarantee for their national institutions and for their credibility as businessmen with relations with their colleagues in foreign countries.

Most of the Arab investments in the West and the Far East are in the form of shares in local companies and are not direct investments. However, there are considerable direct investments, but most of them are connected with the type of businessman's activity in his homeland. For example, Saudi businessmen have bought shares in engineering and contracting institutions because their main business line is contracting and construction. This also proves that the private Arab sector is participating in its turn in importing modern technology to its countries.

Several factors are behind the Arab businessmen's preference for indirect investments over direct investments. The most important of these factors are:

1. The fact that the Arab businessman's real commitment is primarily to his business in the homeland, considering that the local investment opportunities are still limited and that indirect investments insure easy liquidity when the need arises.
2. The emergence of "excessive" sensitivity in the economically advanced countries, such as the United States and Canada, vis-a-vis foreign investments. By its nature, Arab investment does not like confrontation, either because of its fear of a political reaction or because of its intrinsic reluctance. This investment prefers to retreat if faced with an external confrontation. There is an ironic dissimilarity in this behavior because only a few years ago 4 American companies, embodied in Aramco, owned 96 percent of the Saudi economy. If the current volume of Arab investment in the United States rises tenfold, it will not own 1 percent of the U.S. economy. On the other side, Saudi Arabia is doing the impossible to attract foreign capital, expertise and technology to participate in investing in the country's industrial and agricultural sectors and the services sector.

It is necessary to remind again and again that the private Arab investments abroad, regardless of their importance and their constructive role, are still very small investments when compared with the government investments. Their basic purpose is to gain a foothold and credibility among the institutions with which the Arab businessman deals. Their purpose is, moreover, to preserve some surplus funds which cannot be used within the framework of local projects in a certain phase.

8494

CSO: 4404/17

INTER-ARAB AFFAIRS

WEST BANK COMMUNIST PAPER LAMENTS LOSS OF 'VOICE OF PALESTINE'

JN030938 Baghdad Voice of PLO in Arabic 1600 GMT 1 Nov 82

[Text] Under the headline "The Voice of Palestine," the newspaper AL-ITTIHAD, published in the occupied Arab territories, writes: Two months have passed during which we have heard nothing from the only radio voice in the region that we loved, trusted and depended on to give the truth about events in Lebanon during the war. That voice is the voice of Palestine, the voice of the Palestinian revolution. We respected this voice before the war because, despite its poor material capabilities and limited transmission hours, it managed to assume a free national image for a struggling people. This image was continuously developing and progressing. The radio's role and responsibility doubled during the war and became the only indispensable, sincere, responsible, objective and realistic voice.

AL-ITTIHAD goes on to say that the radio went off the air during the first 2 days of the war [as heard] as a result of the Israeli airstrikes. All efforts to bring it back on the air failed. We got into a bad fix on the 3d day of the war. Israeli radio was airing reports on the peace operation, peace for Galilee, and urging the Palestinian and Lebanese fighters, as well as the citizens of Sidon, Tyre and al-Damur, to surrender. The very, very objective voices from London and from other radios got on our nerves with their biased and coordinated reports on the war.

Under the circumstances, we had to depend on Israeli radio, trying as much as possible not to fall easy prey to its psychological warfare. Israeli radio failed to mislead us with a propaganda campaign. After a period of extreme concern and after we had purchased a very expensive sophisticated radio receiver, we managed to receive the voice of Palestine in Beirut, broadcasting patriotic slogans such as, "O occupied homeland, we will neither surrender nor change." We also listened to its accurate news reports, correct analyses and responsible stands.

AL-ITTIHAD goes on to say: While listening to the voice of Palestine, we came to understand that the Palestinian fighters, who were called upon by the Israeli Army to surrender, had been returning its fire twofold and inflicting unexpected losses on this army. The Israeli Army, which came to crush the Palestinian fighters and to liquidate the Palestinian leadership and their cause, was valiantly confronted by these fighters in a manner unprecedented in the history of its wars, as admitted by Israeli commanders and officers. The fighters, who were called upon by Israeli radio to rise against their

friends and allies and surrender, managed to shoot down four Israeli planes-- Israel admitted the downing of three--captured Israeli soldiers, obstructed the advance of the aggressors, checked it on all fronts and prevented it from occupying West Beirut, all accomplished with their fabulous steadfastness.

The voice of Palestine reported on the war of the masses that had been concealed for a long time by the Israeli authorities. These authorities were, however, compelled to talk about this war, particularly when it became well known.

The voice of Palestine greets its men with the popular national song: My kin-folk, greetings to you. Hail to the revolutionaries who responded to the call from our faithful voice, from our people, the symbol of bravery and from our revolution against the usurpers. We will liberate you, our country, and we will return with final victory.

AL-ITTIHAD goes on to say: The voice of Palestine played national popular songs, new songs, sung by our people in trenches, hospitals, schools and buildings which were all threatened by the enemy's destructive shelling. The voice of Palestine broadcast songs and greeted wave after wave of martyrs. It broadcast the new Arab revolution songs composed by (Marcel), (Qabur) and (Zakir). It spoke about the Zionist crimes and the heroism of the Palestinian people. It never forgot to say: The Palestine people are seeking a just peace. It always managed to differentiate between a friend and an enemy. It spoke about love and humanity, land and memory, war and peace, revolution and the future and the brotherhood among nations and democracy. The voice of Palestine never used the voice of chauvinist fascism, racism, expansion or aggression, like those voices we always hear over Israeli radio in all languages.

On 28 August 1982, the voice of Palestine stopped transmitting. It did not abruptly. One day before, on 27 August, the announcer announced that transmission from Beirut would cease because all employees would leave with the fighters.

In Tel Aviv, they searched thoroughly for reports to show that they had triumphed in Lebanon and to conceal their successive military and political defeats. They highlighted the report on the closure of the voice of Palestine in an unusual manner. They had ignored the voice of the Palestinian revolution for 10 years, but now admitted how significant and effective it was. They published the report on its closure under banner headlines and on front pages, particularly in the newspaper YEDI'OT AHARONOT. They also reported the closure over the radio and television, displaying it as a victory for them. They did not hesitate to say that the voice of Palestine no longer existed. What an illusion such words are the voice of Palestine, the voice of the Palestinian revolution, will never die.

The late Israeli Prime Minister Golda Meir one day asked: Where are the Palestinian people? Our people replied to this when they stood like giants facing her mighty army and disturbing the sleep of her heirs. The voice of Palestine was closed in Beirut, but not forever. It was closed in order to transmit from Arab Jerusalem, the capital of the independent Palestinian state,

after the final victory. Until then, the voice of Palestine will continue to broadcast louder than ever before to every spot in which Palestinians may be, such as Nazareth, Halhul, Galilee, Hafifa, Nabulus, Gaza, Tel Aviv, Acre and Hebron. It will always be strong and we will listen to it after every new lie broadcast by Israeli radio, after every Israeli aggressive statement and after every oppressive racist act by the occupation authorities. We will not allow anyone to curb this voice, irrespective of price.

CSO: 4400/68

INTER-ARAB AFFAIRS

BRIEFS

OLIVE OIL IMPORTATION BARRED--Jordan is barring the importation of olive oil produced in Judaea and Samaria. Our correspondent Pinhas 'Inbari reports that the ban is aimed at undermining the village leagues. Basim Kin'an of Nabulus, who headed a group from his town who visited Amman, tried to persuade the Jordanian Government to remove the ban, but failed. His talks with labor party figures were raised only incidentally. Our correspondent notes that Kin-an denies having discussed any political matters in Amman. [Text]
[TA070550 Jerusalem Domestic Service in Hebrew 0500 GMT 7 Nov 82]

CSO: 4400/68

STATEMENT OF EGYPTIAN COMMUNIST PARTY

Paris AL-YASAR AL-'ARABI in Arabic No 46 Sep 82 p 9

[Article: "Political Statement from the Egyptian Communist Party Appearing in AL-INTISAR, Publication of the Egyptian Communist Party in Mid June 1982"]

[Text] We recently received, as we were going to press, the newspaper, AL-INTISAR which is published by the Egyptian communist party. This was issue number 80 of the publication, and it included the political statement published by the party and dealing with current conditions on the international, Arab and local scenes in the aftermath of the Israeli-American aggression. Because of space limitations we can only print a few paragraphs of the statement. These few paragraphs will not enable one to dispense with reading the whole statement. The party saluted the steadfast Palestinian and Lebanese fighters, and it saluted its own fighters as well [who were fighting] in the ranks of fighters in south Lebanon.

The Central Committee of the Egyptian Communist Party held a series of meetings in May 1982 during which the political situation was discussed. A set of conclusions was reached, and these conclusions were articulated by the Central Secretariat in the following political statement. This statement takes into account the variables in international, Arab and local conditions in the aftermath of the Central Committee's meeting.

The Current Political Situation and Our Urgent Task

The Israeli Position over Lebanon and International Tension

Once again Israel has engulfed the Middle East in a fearful whirlpool of armed confrontation, spreading death and destruction throughout the area. This confrontation is contributing to the escalation of international tensions and is serving the objectives of aggressive tendencies in the foreign policy of imperialist countries, especially the United States, which is again giving free rein to the winds of cold war, allowing them to blow international detente. The United States is engaged in nuclear extortion and continuing the arms race at unprecedented rates. It is moving energetically towards creation of special rapid deployment forces and establishment of a system of military bases and points from which actions against national liberation movements can be set in motion. The United States is interfering crudely in the domestic affairs of sovereign countries; it

is supporting racist and Fascist regimes; and it is fostering and fueling racial, sectarian and religious divisions and conflicts.

The Israeli Aggression on Lebanon and U.S. Designs in the Region

The brutal attack that our brothers, the Lebanese, Palestinians and Syrians are being subjected to is as much an American aggression as it is an Israeli aggression. It is one episode in an integrated American plan whose aim is basically [the following]:

First, Utilizing the Israeli Invasion of Lebanon To Achieve the Following Objectives:

1. Liquidate the Palestinian cause.
2. Realize the separatist U.S.-Israeli hegemony over Lebanon.
3. Strike the Syrian military force.
4. Terrorize the Arab bourgeoisie; blackmail them; and subjugate them to colonialist plans.

Second, exploiting the war between Iraq and Iran and its developments to expand and impose the U.S. umbrella over the area to give protection to the rulers of the Gulf. This war is being exploited to justify and strengthen U.S. military presence in the area; to legitimize the role of the rapid deployment forces in the area; and to complete the series of military agreements, alliances and bases as well as the necessary points from which actions may be set in motion.

Third, trying to effect new alliances within the Arab homeland. The purpose of these alliances would be to get the Camp David mode and the Camp David regime in Egypt out of their isolation from the Arabs and create a new Arab alliance that would include the countries of the Gulf, Sudan and Somalia; Egypt would be invited.

Israel's Aggression on Lebanon and the Camp David Mode

Israel's aggression on Lebanon was the natural outcome of the Camp David accords. At the same time it was tantamount to driving the last nail in Camp David's coffin.

Our party is calling upon all national and democratic forces to intensify the struggle for the abrogation of the Camp David accords and the peace treaty between Egypt and Israel and for the removal of all the effects of these accords. Chief among these are the agreements and measures pertaining to the normalization of relations between Egypt and Israel.

Israel's Aggression on Lebanon and the Question of Change in Egypt

If Israel's withdrawal [from Sinai] last 25 April did again push to the surface the demand for a comprehensive and radical change, Israel's aggression on Lebanon made this change a matter of life or death as far as the people are concerned.

It is self-evident that the choice to go back to the trenches of patriotism and Arabism and to subscribe to a confrontation with imperialism and Zionism is inconceivable under the existing class nature of the present ruling coalition.

But the comprehensive radical change that is being sought by the masses of our people means getting rid immediately of the regressive and capitulatory policies that made our people hit rock bottom. It means doing away with the political, economic and social influence of those social forces which produced these policies.

Our party believes that establishment of democracy is the key to all solutions and the way to save the masses from their suffering. Therefore, our party is intensifying the struggle to bring about comprehensive democratic change.

Although the regime has started talking again about the non-alignment policy, our party is cautioning against manipulation of slogans. Our party rejects the notion of [officials] flaunting non-alignment while adhering to the aligned practices of U.S. imperialism.

A non-alignment policy cannot be pursued under subordination to U.S. imperialism while countries from the socialist camp and most non-aligned countries are being boycotted. One cannot pursue a policy of non-alignment when one grants facilities and bases to U.S. imperialism and ignores support for national liberation movements in their decisive struggle against imperialism.

Urgent Tasks

The statement concludes by mentioning the urgent tasks [that have to be carried out] in confronting Israel's invasion of Lebanon, the U.S.-Zionist penetration of Egypt and the question of change.

8592

CSO: 4504/545

ISLAMIC SCHOLARS PRESS FOR APPLICATION OF ISLAMIC LAW

Cairo AL-NUR in Arabic 6 Oct 82 p 3

/Article by Khamis al-Bakri: "Seven Letters Sent by Moslem Scholars to the New Session of the People's Assembly"/

/Text/ Dr Sufi Abu Talib, following his re-election as chairman of the People's Assembly, has declared that completion of the codification of Islamic Law is a task that heads the list of the assembly's activities in its new session, in order that Egyptian society may be rebuilt on bases of political and social justice.

There is no doubt that the current People's Assembly session will be a decisive one in terms of showing the true nature of the intentions of the National Party, the government and the People's Assembly on the subject of governing through God's revelations, replacing secular laws by divine ones, and carrying out the promises which officials have given in a manner that is satisfying to almighty God, realizing the pressing desire of the masses of the Egyptian people, and giving life to a provision in the constitution which still has no life, the one bearing on Article Two, which stipulates that Islamic law is the main source of legislation in Egypt.

Dr Sufi Abu Talib's statement, although repeated in previous sessions, has had a good impact on public opinion in Egypt and has inspired optimism among Moslems everywhere.

In response to AL-NUR's appeal, religious scholars have sent letters to members of the People's Assembly on this page, blessing their efforts, encouraging their concerns, and illuminating the path before them so that the most precious fruits our beloved Egypt, its people and government desire, may be obtained, as a gift from God and his grace, if his noble Islamic law, which does not mislead or distress anyone who proceeds in accordance with its teachings, gives us protection.

A Salutation to Islamic Law--in the Brilliant Portrait of Islam

What, now, have the scholars said, in their letters to the People's Assembly?

A letter from His Eminence Shaykh Dr al-Husayni Hashim, secretary general of the Academy of Islamic Research:

"Islamic law is a boon and blessing for society and humanity in general. The concern which Husni Mubarak, the president, Dr Fu'ad Muhyi-al-Din, the prime minister, Dr Sufi Abu Talib, the chairman of the People's Assembly, and Dr Subhi 'Abd-al-Hakim, chairman of the Consultative Assembly, have shown for the application of Islamic law, is the harbinger of the triumph and happiness of our country and the whole Islamic world.

"The noble al-Azhar, the beacon of knowledge and science in the Islamic world, blesses this successful platform and believes that every citizen in Egypt is happy with this serious, successful approach, on account of the knowledge people have of the magnanimous spirit of Islamic law and their cooperation on the subject of the benefits it calls for. Almighty glorious God has called for that, stating 'Hold tight to God's cord, all of you, and do not disperse.' To hold tight to God's cord means to hold tight to the glorious Koran on account of its appeal to loftiness, magnanimity, purity, chastity and nobility. To that end, the chapters of the holy Koran are crowned by an appeal for mercy, in the statement of almighty God: 'In the name of God, the most merciful and all-compassionate.' While the reading of the holy Koran begins with his almighty statement, 'in the name of God the most merciful and all compassionate,' it also begins, before that, with a plea for salvation from the terrible satan. That means that Moslems who adhere to the Koran are kept away from all evil to Moslems and non-Moslems, and it is a source of bounty if they adhere closely to the Koran, a source of mercy, a call for true fraternity, an appeal for the ennoblement of mankind in general and an appeal for justice and the propagation of human rights.

"The holy Koran, with the supreme examples of financial organization it contains in the form of the tithe and charity, guarantees mankind in general a life that is safe and secure, on the basis of the religious endowments it propounds, which have been a safety valve for the Islamic appeal, since it is through the benevolent endowments that people learn about their religion, it is through them that places of the Koran have been opened all through the Islamic world, and it is through them that the poor and downtrodden have become fortunate.

"To that end, we consider that destructive principles are being conceived in order to distort the brilliant picture of Islam by destroying the benevolent religious endowments and reducing the effectiveness of tithes and charity.

"In calling for serious steps toward the application of Islamic law, AND God's thanks to the president, the prime minister, the chairman and members of the People's Assembly, the chairman and members of the Consultative Assembly, and every citizen, scholar, journalist and thinking person who calls for and supports this praiseworthy effort."

The People of Egypt Will Regain Their Personality and Spirit through Islamic Law

A letter from His Eminence Dr 'Abd-al-Wudud Shalabi, assistant secretary general of the Academy of Islamic Research:

"There is no doubt that Egypt's acceptance of the codification of Islamic law, and its implantation in the public life of the Egyptian people, means a resurrection

of this people's personality, which has become diluted over many previous generations. There is no doubt, either, that keeping the Egyptian people from the application of this law means keeping the spirit of this people from its body. Through circumstances, the Islamic nation formed its personality through these principles, laws, values and provisions, which the ideas and individual acts of judgment of the imams of Islam formulated and codified over the centuries. We all know that colonialism, which oppressed the Islamic world for hundreds of years in various countries of the world, had the goal of stripping the Islamic personality, and Islamic peoples, of their greatest and most important asset, which was government through Islam and the law of Islam. We can observe that the Islamic world is now pulsating everywhere with a devout awakening and with a concern to regain its status among the peoples of the world. It is the law and constitution which in every time and place determines the features of the personality of the people or the individual. Therefore, every male and female Egyptian demands that the People's Assembly, in its new session, hasten to issue these laws and apply them in a comprehensive manner in various walks of life, and we believe that when it took this step the Egyptian People's Assembly was carrying out the desire of this people, who aspire to their glory, their honor and the status they possessed throughout history."

Let Us Begin with the Political System on Codifying Islamic Law

A letter from the Islamic thinker Dr Ahmad Shalabi:

"The application of Islamic law, as Moslem thinkers view it, begins with the political systems, systems which by their nature supervise the various other systems, presenting them to the people and holding everyone to account who has not put them into effect. Therefore, the political systems are the most important object to which we direct ourselves in talking about the codification of Islamic law. The meaning of 'political systems' is, plainly, the principle of having the masses of the people choose the ruler in a manner in which there is no influence, by the most proper Islamic method, and the development of this method by means of free parties and a free press which accurately express the views of the people. The choice of guardians is to be made by wholly free elections which can be in the manner of the procedures which take place in India, where a totally neutral commission of professors which has its own identity, so that no government can remove its members or add to them, takes charge of elections. Indeed, the committee is in charge of looking after itself, removing anyone who might be accused of deviant conduct, and adding new members from time to time. It can also totally remove the Ministry of the Interior from the elections.

"When the codification of Islamic law takes this form and when a government comes in which is totally representative of the majority of the people, the other aspects of the codification will become an easy matter."

"The other aspects of the codification will be left to scholars, not to the People's Assembly. In our country, the scholars engage in Islamic thinking on behalf of the whole world. They are the people who teach Islam and write about it in various institutes in the whole world. Therefore, committees of scholars, independent of the People's Assembly, must be drawn up in order to contribute various concepts connected to the economy, education, social life, peace, war, and other aspects of

life. These committees will then present their work to the People's Assembly, which has been chosen in a free, accurate manner, so that it may ratify these ideas or demand that some amendments be made in them by these specialists. This is what we consider appropriate. It is a process which may or may not be carried out in a very brief time, as we have observed, in the People's Assembly. This process has existed in an atmosphere which we consider to be dominated by publicity and the media, not by work and production."

I Appeal to the Faith That Is Rooted in the Hearts of the People's Representatives

A letter from His Eminence Prof Jabir Hamzah, director general of information at al-Azhar:

"When I appeal to the members of the People's Assembly, I appeal to the whole people, because they are the people's loyal representatives, their beating heart, their articulate voice, the preservers of their interests, the defenders of the truth, and the ones who are working to realize their hopes. When I appeal to them I am appealing to the complete faith which is rooted deep within them and is certain and firm in their conscience. I appeal to them, call them to the truth and the light and urge them to act to take part in codifying Islamic law, God's law, to carry out the provisions of Islam and to adopt its lofty reachings and high principles which the blessed almighty master has set forth for the benefit of his servants, to gladden humanity and move mankind toward glory and perfection. This is because society will be gladdened and enriched only in the context of our proud Islamic law and our magnanimous religion, which preserves people's rights, protects people's dignity and leads to Islamic glory and honor. A complete constitution and a full law for all mankind purify people's spirits of filth and evil, rid them of blemishes, evils and disgrace, help them fight against greed, selfishness and exploitation, prohibit tyranny, fraud, lies and deception, implant the seeds of faith deep within people, sow good qualities and fine attributes within people's hearts, make people generous and bountiful, and bestow bounties, peace and generosity.

"We urge the honored representatives to exert efforts and contributions to apply Islamic law so that the nation may be gladdened, society may be reassured, and our genuine society may appear like a fragrant garden with beautiful verdure and verdant shadows, in which security, safety, tranquility and stability are manifest. I cry out, within the hearing of the members of the People's Assembly, that they must hasten to take the initiative to carry out the plan to apply Islamic law, in the desire to reform and create a sound society which we can be proud of in front of the world, east and west. If we study the experience of history, we will learn of the success, victory and glory achieved by the early Moslems, who lived in the context of God's Islamic law, in which lay their victory and prosperity, which made them the masters of the world and the geniuses of their time.

"I tell our representatives that Islam is the only approach for creating the optimum society, and that it is the most upright path to guarantee us peace and happiness on earth and in the hereafter.

"Greetings to every representative who ventures on this good act, because he will enjoy grace, rewards and eternal compensation.

"Almighty God said, 'Whoever performs a tiny amount of good will see it, and whoever performs a tiny amount of evil will see that.'

"He /the prophet/, on whom be God's prayers and peace, said 'Whoever commits a good act or saying will have his reward and the reward of the person who has done it on judgment day, while anyone who has committed a bad act or saying will bear the responsibility for that and the responsibility of the person who has committed it on judgment day.'"

Alienation from Islamic Law Is the Cause of Deviation

A letter from His Eminence Shaykh Dr 'Abd-al-Ghaffar 'Aziz, dean of the Faculty of Islamic Proselytization:

"At this time, when the leaders of Egypt, those in the government and among the people, are striving to apply Islamic law and to govern on the basis of God's revelations--after it has been proved that alienation from the application of Islamic law was one of the reasons for the deviation of certain young people and the emergence of groups which perhaps wanted what was good but erred and deviated from the right path:

"At this time, when people all feel that the application of Islamic law is a necessity for the rulers and the ruled and for Moslems and non-Moslems, we hope that the People's Assembly and the officials in the government will work rapidly to complete the codification of the remaining laws through the total application of Islamic law in the land of the noble al-Azhar, although we had hoped that we could start now, immediately, with the application of laws which the People's Assembly had finished formulating, without waiting for the completion of the remaining laws. There are many things which do not require codification that could be put into effect by orders of our rulers, to prove good intentions and make all Moslems feel that the process of applying Islamic law, which people have long been waiting for but has not yet emerged into the light of day, is serious in intent.

"Perhaps everyone knows that the application of Islamic law is beneficial for all members of the single nation, the rulers and the ruled, since it binds everyone to divine law, which gives the ruler his rights to be venerated, respected and honored while giving the governed their rights, without discrimination or distinction between Moslem or non-Moslem, employee or non-employee, for everyone is equal before divine law in terms of rights and obligations. When we previously applied Islamic law in Egypt and other countries besides Egypt, justice was apportioned equally, welfare was widespread, safety and security were common and people lived in security. Everyone felt safety for himself, his honor, his money and his nation as well.

"With respect to the points raised by some biased persons regarding the status of minorities, Pope Shannudah, the religious leader of the Copts, has acknowledged that the Copts have lived under the aegis of Islamic rule in an environment devoid of discrimination between them and Moslems, that they have lived in peace and security and that they have been given all their civil and doctrinal rights without interference by Moslem rulers in matters regarding their Christian law and their church beliefs, as long as they have not bothered anyone with them. History bears

witness to this, and we hear this a great deal from many of our Coptic brethren who realize that they are being given their rights in the context of the codification of Islamic law, more than they would be if they were living under the aegis of another regime or secular laws, some of which might contain doctrinal fanaticism on the part of some people who adhere to the settlement of legal rights and duties between Moslems and the people of non-Moslem religious groups that Islamic law entails, on grounds that Islamic law is the only bulwark to prevent transgressions and injustices and guarantee the full rights of non-Moslems, because this is what God has revealed, and our duty is to hear and obey."

Preparing To Apply Islamic Law Does Not Mean Postponing It

A letter from His Eminence Shaykh Dr Musa Shahin Lashin, chairman of the Department of Prophetic Traditions in the Faculty of the Principles of Religion:

"I would like to give notice that our need to prepare and ready the nation for the application of Islamic law does not mean that we agree that the application of it should be postponed until the nation has been prepared. We have called for and are calling for, and the whole Islamic people are calling for, the application of Islamic law today, not tomorrow. We are the people most concerned that its application be accelerated. However, if applying it will require that some time be taken to codify it, the preparation which requires the proper ordering of psychology and conduct, commitment to good examples and the deterrence of corrupting influences and prohibited things will not take any time; we must proceed with that at once. Such preparation has been our duty for a long time, and such preparation is the responsibility of the government, the responsibility of every leader in his position, the responsibility of the home, and the responsibility of every individual.

"Society is like a single body. If part of it suffers an ailment, the rest of the body rallies around it vigilantly and protectively. Every individual in it has complete, full responsibility for his society. Therefore, commanding what is proper and prohibiting what is improper has become a religious obligation. Many of us know the story of the girl who saw her mother diluting milk with water before selling it to people and told her, 'Mother, do not mix water with milk and do not deceive Moslems.' The commander of the faithful, 'Umar ibn al-Khattab, heard her as he was going throughgoing through the byways at night, investigating the conditions of his subjects; he went in and asked the woman, 'Is this milk diluted with water?'

"The woman said, 'No.' The girl, prompted by the force of virtue and restraint of conscience, told her mother, 'Mother, are you deceiving the Moslems and lying to the commander of the faithful?' 'Umar was amazed by the strength of the girl's faith and married her to his son, the son of a caliph, while she was the daughter of a milk salesperson.

"History brings to mind the story of Abu Muhjin al-Thaqafi, who drank wine and was liable to Islamic punishment. His spirit overcame him till he regained it, and he was liable to Islamic punishment. When he drank at length, and he became liable to Islamic punishment at length, 'Umar ibn Sa'd ibn Abu Waqqas demanded that he be imprisoned and sent away. Sa'd imprisoned him in his home during the battle of al-Qadisiyah. Sa'd had an ailment in his legs which prevented him from leading the

battle within the ranks, and he watched the combatants from the roof of his home. The fighting became severe and Sa'd's wife saw that the Moslems were drawing in and lacked strength in the face of their enemy and cried out, 'In the name of Islam!' Abu Mihjin al-Thaqafi persuaded her to undo his bonds, let him out of prison and give him Sa'd's sword, spear, bow and stallion, and promised her that he would return before dusk and bind himself up again. She believed him, let him go and gave him what he asked for. He went out veiled, shouting at the army of the Moslems, advancing in the ranks and striking out right and left. The Moslems thought that he was their leader Sa'd ibn Abu Waqqas, they regained their courage and self-confidence and they fell upon the enemies and defeated them. The horseman returned to his prison before dusk, carried out his promise, and bound himself up again. Sa'd learned of his story and wrote about it to the caliph of the Moslems, 'Umar. 'Umar wrote him 'Undo his bonds and let him go, and we will not subject him to Islamic punishment.' When Sa'd brought him the good news of the caliph's decision, the horseman said, 'I swear that I will not drink from today on.' He was asked, 'Why?' He said, 'I would drink and become intoxicated, and the punishment would cleanse me. Now, however, since the punishment is not being imposed on me, I will not be exposing myself to the fire of hell.'

"This is the awareness we require in order to apply the laws of Islamic jurisprudence, an awareness which makes people who commit mistakes torment themselves, address themselves to the ruler, demand divine religious punishment and insist that they be subjected to Islamic punishment. Al-Bukhari, in his 'Correct Version,' related, with regard to Abu Harirah (may God be pleased with him), 'A man came to the prophet, on whom be God's prayers and peace, while he was in the mosque, called out to him, and said, "Prophet of God, I have fornicated." The prophet of God, on whom be God's prayers and peace, turned away from him, until, after he had come back four times and given the testimony of Islam four times, the prophet, on whom be God's prayers and peace, said, "Are you possessed?" He said, "No." He said, "Have you been chaste?" He said, "Yes." In the narration, 'His own people were then asked, and they said, "We know nothing bad about him except that he has been smitten with something and it is considered that he will not come out of it unless he is subjected to Islamic punishment.'" The prophet, on whom be God's prayers and peace, told him, "Perhaps you kissed, flirted or looked?" He said, "Indeed, I have fornicated." He asked, "Do you realize what fornication is?" He stated, "Yes, I engaged in a forbidden thing which a man can permissibly engage in with his wife." He said, "What do you mean by this statement?" He said, "Cleanse me." He ordered that, and the man was stoned.'

"This is the awareness we need in order to apply Islamic law, the feeling that it is justice, that it is the truth, that Islamic punishments are cleansing and that torment on earth is more trivial than torment in the hereafter.

"Thus we will be transformed from a people which steals from the law, twists it around, commits devious acts against it, and argues with it into a devout, aware people which has, of its own alert spirit, a vigorous conscience which holds it to account within the walls of its dwelling and in the wings of a shadow, believing that God is seeing it."

No Security, Development or Morality through Usury

A letter from Dr Muhammad Shawqi al-Fanjari, vice chairman of the Council of State and professor of Islamic economics:

"In Islamic law, there is no distinction between transactions and worship ritual. When the holy Koran promises us a war brought on by God and his prophet if the taking of usury befalls our society, I can stress that there will be no Islam, no Islamic law, no security and no real development--indeed, there will be no proper behavior and no morality if a system of lending at interest is established in any society, Moslem or non-Moslem.

"Therefore, we demand that the ruler, or the legislators, take the initiative to correct the function of existing banks and guide their operations, by doing the following, among other things:

"First, closing the door of usurious interest to them by the force of law. This will inevitably lead these banks to pursue a different method besides this one, which is easy for them and destructive for the society, by investing the money of people who have savings with them in other legitimate areas, leading to increased production and real development.

"Second, by allocating a specific ratio of the liquidity available to them for lending without any interest, except the costs of servicing and collecting the debt. This will involve no difference between consumer and investment loans. On the one hand, it will spread a spirit of equality among the members of society and on the other it will make it easy for investors to obtain the money they need without encumbrances or usurious interest, and they will not make their production pay for that; as a result, the prices of products will drop, goods will become available and inflation will be eradicated, along with other interests and benefits Islamic legislators aimed at 14 centuries ago, when it became legitimate to wage war from God and his prophet against anyone who lent out at interest, making that one of the greatest of sins, where the person who engaged in it was to be punished in hell, where he would be tormented forever.

"We do not say that existing usurious banks should be appropriated or eliminated, but we do demand that their function should be corrected and that their operations be guided so that they will become what they ought to be, a cooperative and beneficial intermediary, not as is the case today, an exploitative, harmful one. There is no cause for this except the negative attitude of Islamic rulers in our Islamic world, their negligence, or their inexcusable compliance with a perverse situation with which exploitative foreign capitalism has, consciously or unconsciously, had us proceed. That situation can be corrected at once, by putting our Islamic law into practice, without infringing any legitimate personal rights but rather by realizing assured personal and public interests. This will be a pioneering Islamic step in which the entire world will follow us with conviction and appreciation."

Our Egypt is the beacon of Islam and science throughout the world, and, if the sun of Islamic law shines forth from it, mankind will be inundated with its light.

That has always been Egypt's destiny. Open the road wide before the glories of Islam and the Moslems and rejoice at God's victory and bounty. After the difficult times, easy ones will come.

11887

CSO: 4504/40

ISLAMIC WRITER LAMENTS DELAYS IN APPLICATION OF ISLAMIC LAW

Cairo AL-NUR in Arabic 13 Oct 81 p 1

/Article by al-Hmazah Wahbi: "The Month of October Has Come, Dr Sufi"/

/Text/ The Egyptian People's Assembly has re-elected Dr Sufi Abu Talib its chairman for its current parliamentary session, so that he may continue the course he initiated upon assuming this important position. Toward the end of the last parliamentary session, Dr Sufi Abu Talib stated that he would in the month of October 1982 present the drafts of laws derived from Islamic law which committees formed for this purpose had prepared.

This statement was published in all party and non-party daily newspapers. People were delighted at the good news, they wore out their throats crying out and praying, and the devout waited on tenterhooks for the advent of the month of October 1982, because of their firm desire that their hopes would be realized, their dreams would become reality, they would examine God's Islamic law, which would govern their relations, they would yield to it in safety, they would joyfully comply with its commands, and the caravans of security, happiness and welfare would be quenched by it so that they could thereby bid farewell to times of wretchedness, difficulties and hardship.

Now the month of October has come, and what had been promised is to be freely carried out, despair is not to creep into our hearts, with the passage of almost half the days of this anticipated month, and doubts are not to steal into our spirits because there are no early signs indicating that the promise will be carried out, that the promise was a responsible one.

This glorious line reminded me that the promise was a responsible one, going by what Dr Sufi Abu Talib taught us in the graduate department in the Faculty of Law at Cairo University, in the work for the degree in law that bore on the power of the will in Roman law. He took pleasure in translating this point from Latin with this glorious line.

In the course of many years, as he was teaching us the history of law course, Dr Sufi Abu Talib acquainted us with the extent of his enthusiasm for Islamic law, which was so great that he had dedicated his study for the doctorate to stating the extent to which Islamic law was exalted and above all laws and their source,

Roman law. He appointed himself a zealous defender, in the arenas of legal sciences, against the suspicions orientalist had raised, to the effect that Islamic law was influenced by Roman law because certain provisions in the two were similar and the maturation of Roman law had preceded the emergence of Islamic law.

We, Dr Sufi Abu Talib's students, were delighted by this enthusiasm, and he registered a brilliant success in warding off the danger of hostility toward Islamic law and the doubts cast against it. When he assumed charge of the legislative authority, became chairman of the People's Assembly and expressed concern to put it into application, hope was renewed in people's spirits and people's necks were craned in yearning for the day when matters would return to their natural state and belief in almighty God would return to its rightful place in people's hearts and souls.

We do not want to review promises that have been made but have not yet been carried out--this is not the time for casting blame. Rather, we want to assert Dr Sufi Abu Talib's responsibility for carrying out this promise, since the promise was a responsible one.

Rather, we would like to stress that there are two groups of laws that must be amended. One group contradicts the provisions of Islamic law; this includes the penal code and the laws supplementary to that and usurious interest in the civil law and others of corresponding functions. This group of laws must be amended at once without hesitation.

The other group of secular laws includes those that do not clash with the provisions of noble Islamic law but whose amendment must be discussed, so that they may become deeply rooted in the sources of Islamic jurisprudence and acquire their lofty spirit. This will come at a later stage which one can hope for. We find no pressing need to amend them immediately, for a simple reason, which is that they do not contradict the provisions of Islamic law, although they must also be amended in a manner which will cause them to spring from our pure Islamic law.

If Dr Sufi Abu Talib is sincere in his promise and is a proponent of almighty glorious God's law, let him present the laws which clash violently with Islamic law, especially the penal code and matters related to the elimination of usurious interest, to the People's Assembly this October.

11887

CSO: 4504/40

HARIF ON OUTSTANDING ISSUES WITH U.S.

TA051142 Tel Aviv MA'ARIV in Hebrew 5 Nov 82 p 14

[Commentary by Yosef Harif: "What Begin Will Take With Him to Reagan"]

[Text] Moshe Arens, Israel's ambassador to the United States, recently made a "preliminary assessment" of the outcome of the Peace for Galilee results and their impact on future Israeli-U.S. relations. His assessment was encouraging. Aside from the fact that through this operation the PLO was dealt a lethal military blow, it is the ambassador's view that its political power has also been severely if not "irretrievably" hampered, with everything this could entail regarding the Palestinian problem.

In his opinion, if indeed U.S. administration figures are convinced that there is not necessarily a connection between the solution of the Palestinian refugee problem and the question of the future of Judaea, Samaria and Gaza, then they would begin to see the problem in "its natural dimensions."

Arens thinks the Middle East geopolitical map might assume an unrecognizable shape in view of the fact that the Soviet stand has weakened while U.S. status has strengthened. After all, recently it has become undeniably clear that the Arabs, and not just those called "moderate," are going on pilgrimages to Washington rather than to Moscow.

Another component that helped Arens reach this conclusion, while still preliminary, involves Israel's amazing achievements in neutralizing Soviet Arms, so impressively manifest in the destruction of the various types of SAM's. This revelation cannot go unnoticed by U.S. and West European policymakers in assessing the balance of power between Western and Eastern Europe.

It is safe to assume that Ambassador Arens' evaluations rely on new chords he has begun to hear in his contacts with George Shultz, for example. No more sounds of fury and unharnessed criticism, as expressed in various stages of the war and particularly after the horror of Sabra and Shatila, but rather musings outloud, expressing a realistic recognition of Israel's special weight.

Apparently Arens' assessment is cautious, and he only goes as far as to say that these evaluations are "beginning to be voiced in the administration." Whenever presenting his qualified assessment, which was based on only a few

tangible things against which there are so many unknown factors, he only talks about the possibility that these evaluations could influence the U.S. attitude toward Israel. But even so, this appears to be an encouraging assessment in itself, if judged against the background of the bad relations that have characterized the U.S.-Israeli dialogue recently.

If indeed there is something to the ambassador's assessment, it will stand a test in the very near future, during the negotiations on the security arrangements in Lebanon. That is to say, it will be judged by the degree of U.S. support for Israel's principal position--without entering into one detail or another--which is aimed at ensuring that the fruit of its achievements in Lebanon will not be taken away from it. Another test will come in the prime minister's talks with President Reagan against the background of the "U.S. positions" on the arrangement for Judaea and Samaria and the solution of the Palestinian problem, both anchored in the plan linked with the President's name.

One must admit that without U.S. support Israel will find it difficult to pick the fruit of its victory in view of what is currently happening in Lebanon upon the election of Amin al-Jumayyil as president. So far, al-Jumayyil himself has not come out with an explicit anti-Israeli declaration, nor has he attacked Israel; but the fact remains that unfavorable proclamations are emanating from Beirut against Israel almost daily. When Prime Minister Shafiq al-Wazzan says for example that his government would deprive of his citizenship anyone contacting Israel, this is a pretty serious matter. The president meanwhile listens, and keeps mum. Can this silence not be construed as acceptance?

If one wanted to, one could "comprehend" and "understand" President al-Jumayyil's special predicament: Ostensibly he must exercise a conciliatory approach to the Muslim camp in Lebanon which has a large influence as part of the effort to guarantee internal stability in Lebanon. So what could be more simple than to pay for this reconciliation with an Israeli coin? Hence al-Jumayyil's demand for an absolute Israeli withdrawal and for the rejection of Israel's suggestion of making peace on the basis of a treaty. Hence, the rejection of the idea of only establishing "normalized ties" with Israel.

Anyone wishing to find more extenuating points in al-Jumayyil's favor would say that his Syrian or Arab orientation "makes sense" since only in this way can he guarantee the Arab countries' economic and political support and commitment to Lebanon's recovery.

But he must realize that were it not for Israel, which shed its blood for the liberation of Lebanon from foreign presence and shattered the PLO's state-within-a-state, Lebanon would never have gained its independence and he, Amin al-Jumayyil, would never have been elected its president. And, since these were not the reasons why Israel went to war--it did so in order to guarantee its security and the Galilee's peace--then he must know that without this minimum of security arrangements in Lebanon on the basis of normalization--even informal and partial--he would not live to see the day when Israel withdraws its forces from Lebanon. After all, clearly if Israel lets go of its strongest chips--namely, its military presence--what would prompt al-Jumayyil's Lebanon

to reach with it the kind of arrangement it desires? This is background for the need for U.S. involvement, which al-Jumayyil admits is his chief prop.

The truth of the matter is that contrary to his brother Bashir, Amin al-Jumayyil has no commitment to Israel and can, if he wants, regard it as only an "invader" that has illegally captured parts of Lebanon. And this was the spirit of statements he made in his first public appearances. The assumption was that there is a difference between what he might say in private and what he says in public, perhaps because he is forced into this. Soon it became clear, however, that he has no secret contacts with Israel and to the best of what Israel could learn of his intentions from special U.S. envoy Morris Draper, al-Jumayyil wants to reestablish Lebanese-Israeli ties on the pattern of what they were like in 1949, in the armistice agreement.

When Draper arrived in Jerusalem last week, he had the following message to deliver: It would be possible to begin negotiating the security arrangements in Lebanon as early as this coming Monday....

How? Lebanon, he said, proposes establishing a joint military committee....

Israel replied that under no circumstances would it accept such a "forum" to handle the security arrangements. It demanded that a distinctly political level, perhaps even ministers, handle this matter. The negotiations must be political in principle, whereas the "technical" military issues could be deliberated by a military subcommittee.

It is clear even now that it will take a lot of patience and forbearance, as well as a lot of time, to reach an agreement with Lebanon that would be worthy of the name. Al-Jumayyil, entrapped by Prime Minister al-Wazzan, does not now mention an arrangement between Lebanon and Israel except for an "international" arrangement, which is to say that Israel would evacuate Lebanon and the Lebanese Army, aided by UNIFIL, will enter in lieu of the IDF.

Draper apparently understood by himself that what he brought with him from Beirut would be rejected outright. All he could say in his defense was: "His (al-Jumayyil's) Cabinet made this decision...."

In consultations in Jerusalem, Defense Minister Ari'el Sharon said: Well, then, he should know that "We, too, have a Cabinet, and ours decided differently...."

Prime Minister Menahem Begin held consultations with Foreign Minister Shamir and with Defense Minister Sharon in anticipation of Draper's arrival in Jerusalem. Together they worked out the Israeli position, anchored in the Cabinet resolution of 11 October (which endorsed the "security arrangements" as Israel perceives them, the contents of which were brought to al-Jumayyil's attention before Foreign Minister Shamir presented it to U.S. Secretary of State George Shultz).

As everyone knows, the United States accepted the Israeli plan except for some details, which is why it will now be tested in the implementation stage of this plan. But more than the negotiations with Lebanon--which have not yet begun

because the parties are still squabbling over who would conduct them, political figures or military representatives--will be the test case for the United States, and the touchstone for the Cabinet's determination. As long as the IDF is in Lebanon, no arrangement will be possible without Israel. If the United States wants to speed up the negotiations with the "independent" Government of Lebanon, then it must persuade Beirut, not Jerusalem.

The days when Damascus could dictate any move regarding Lebanon are gone. The United States had, on various occasions, supported the Syrian position almost blindly. Now Israel, not Syria, must be taken into account. The IDF presence in Lebanon constitutes a direct threat to Syria, which was forced to allocate to Lebanon nearly three divisions (at the price of weakening the Golan Heights front). In other words, Syria is the one that should fear a renewed military entanglement with Israel, and is not worthy of any more consideration than Israel.

Up until Bashir al-Jumayyil's murder, there was hardly any doubt that Damascus realized the truth of the situation created by the war in Lebanon and could not but accept its troops' withdrawal. But ever since the pro-Syrian Amin was elected, it began to believe that its bargaining power, compared to Israel's, had improved. The more convinced Damascus became that a defeat in Lebanon could cost President al-Asad his rule, the more Syria began applying strong pressure on al-Jumayyil, daring him to reach an agreement with Israel.

Damascus is afraid that any "normalization" agreement could limit Syrian influence on current and future events in Lebanon. It is also important for Syria to observe its favored status in Lebanon for another reason as well: A failure in Lebanon could substantially weaken Syria's status on the Arab front. Hence, its unceasing efforts to exacerbate the differences between Lebanon and Israel. So far, it has been quite successful, too. This also explains the smiles it has been casting at the United States. With the hope that in return for bringing Syria closer to it, Washington might be interested in preferring Syria over Israel, for instance on the argument over who will leave Lebanon first: Syria strongly demands that it should be Israel. Israel says that the pullout of the forces should be simultaneous. If Syria is allowed to get what it wants and if, by pressure from Damascus and its lackey in Lebanon in the shape of al-Wazzan, it is so arranged that the PLO is granted status in Lebanon, then Syria would "consent" to pull its forces out of Lebanon, hoping to affect events there from the outside.

The truth is that PLO activists still remain in Beirut, although they are not high level, and they are continuing to maintain their status, particularly in the realm of intelligence. We have only recently heard that Palestinian offices or "institutes" are about to be opened in Beirut, and that this was approved by the Lebanese Government.

If one takes into account the almost daily terrorist attacks on Israeli objectives it is easy to imagine what will happen in the future in Lebanon when Israeli forces leave. Furthermore, this proves that Israel should not give up on the essence of the "security arrangements" as it presented them, including open borders and the creation of the security mechanisms that would prevent

hostile activities (such as, for instance, early warning stations), because without them there is no guarantee that in the future terrorist cells would not sprout anywhere, including in northern Lebanon, and could threaten not only al-Jumayyil's regime, but also the Galilee Panhandle.

The United States has been treating Syria and the PLO with kid gloves, but it must understand that unless the foreign forces are truly removed from Lebanon, not only would Israel's interests be harmed, but also its own interest in regard to linking Lebanon to the United States. This goal can only be attained if Lebanon establishes a strong central administration that can affect what happens throughout the country, not only in parts of Lebanon. In this context, it is worth remembering that there are more than 4,000 in the al-Biqa' area, as well as more than 1,500 terrorists in the Tripoli vicinity. With his Arab orientation, and contrary to the opinion of influential Christian elements, al-Jumayyil believes that expressing opposition to Israel will grant him stability. The United States must convince him that Israel is entitled to the status it is seeking (according to the plan for the security arrangements).

But so far there have been no signs that could indicate that the United States is really doing this. On the contrary, for reasons of its own, the United States has been taking action to limit Israel's influence in Lebanon (Washington believes that, through Lebanon, it will be able to promote its own interests in the region, including bringing Syria closer to it). A change in Lebanon's position should not be expected, and certainly not one in Syria's stance, unless the United States firmly backs Israel. This is why, if Ambassador Arens' assessments have any validity at all--he got the impression that something "is beginning" to move in the administration stand towards Israel's side--then the negotiations over arrangements in Lebanon with U.S. mediation would be the test of this. The second test lies in the argument between Washington and Jerusalem over the Reagan plan.

It looks as though everyone has already tired of this argument, but a close examination of the plan--and in view of his upcoming meeting with President Reagan Prime Minister Menahem Begin has been rereading it--reveals that despite its apparent innocent and "positive" image, it has a lot of pitfalls.

What did people say in praise of that plan, which won the name the Reagan plan?

That it opposes a Palestinian state and that, perhaps for the first time, it opens the door for a territorial compromise. It is therefore small wonder that its advocates in Judaea and Samaria, for whatever reason, contended that the Reagan plan is almost an unaltered alignment platform.

A reexamination of this plan might indicate that it does not include an unequivocal objection to a Palestinian state and that it does not mention a "territorial compromise."

What does the plan stipulate on the clauses that affect us?

Regarding the "Palestinian state," it says the following: "The solution we would prefer in negotiating the permanent status would be an association between

the West Bank and Gaza and Jordan. We would not support the establishment of a Palestinian state in these negotiations."

What negotiations are "these negotiations?" Apparently the autonomy talks. Well, in those talks the United States would not support it (it does not say that it would oppose).

Later on it reads: "There are no grounds for political support, in Israel or in the United States, for such a solution. At any rate, the result should be determined through negotiations."

So the last and final paragraph no longer addresses itself to "these negotiations," but only to negotiations in general.

All of this pertains to the Mordanian and Palestinian side. The Israeli clause, which mentions the possibility of Israeli sovereignty, was formulated differently, and there is no doubt there was a reason for this.

So, the pertinent clause says: "We believe that the Palestinian problem cannot be solved by way of Israel sovereignty or control of the West Bank and Gaza. Therefore, we would not support such a solution."

That is all. After this clause the addendum of "at any rate" no longer appears in regard to the establishment of a Palestinian state. Namely, it states that at any rate this should be determined in negotiations. But as to the possibility, theoretical as it may be, that Israel might have control--albeit not sovereignty--over the West Bank, the "at any rate" does not appear.

Perhaps one could have ignored these differences in the text were it not for the view that after all perhaps this is not a coincidence. On 5 May, during a briefing of the State Department, the spokesman replied to a question and said that, "The Camp David agreements neither support nor oppose any final outcome of the negotiations. This applies equally to the application of Israeli sovereignty over the West Bank and Gaza, the establishment of a Palestinian state, or another possible result."

That is all fine and dandy. But if so, why did the Reagan document not encompass the same positions?

It is true that that spokesman added that what the Camp David accords require is that "the outcome of the negotiations over the permanent status be agreed to by all the involved parties, including the Palestinian inhabitants of the West Bank and Gaza."

But in the absence of an explicit U.S. statement objecting to a Palestinian state, perhaps there really is no room to make do with "we would not support," especially since that phrase is limited to the autonomy talks only, while Israel fears--which is also why it said that it does not regard the Reagan plan as a basis for negotiations--that the idea of creating an association and a link [Qesher Veziqua] between the West Bank and Jordan, as the Reagan plan proposes, would allow for the possibility that the final result could be that it

would be Jordan that would make it possible for the Palestinians to establish a country of their own in the West Bank and Gaza. Because, after all, the addendum "at any rate, the final outcome should be determined in negotiations"--does not necessarily pertain to "these negotiations," that is to say the autonomy talks, in which Israel will not be a party at all. At any rate, one should not see the clause expressing "opposition" to the Palestinian state as the last word until after things are clarified in the Begin-Reagan talks.

The second positive point the Reagan plan advocates have found concerns the opinion that according to that plan border alterations are possible, just as the Alignment platform says.

The written version does not support this assumption. Actually the Reagan speech included nothing about border alterations. So whence this impression? Here is the paragraph Reagan added, which was not included in the original, written version prepared for him:

"I have personally followed and supported Israel's heroic struggle for survival ever since the State of Israel was first established 34 years ago. Under the 1967 borders, the width of the state of Israel at its narrowest point hardly reaches 10 miles. The majority of its population lives within the range of artillery of the hostile Arab armies. I have no intention of asking Israel to go back to living under those conditions."

That is what was said, and there is no mention here of border alterations or a territorial compromise.

Someone interpreted this to mean that Israel would not go back to living like that, and that the border should be amended in its favor. But there are two ways of making sure Israel "does not live like that." The first is to move the border in a way that the enemy's cannons would be unable to endanger Israel's population centers. The second is to remove the artillery rather than the border itself from the 1967 lines, for example by demilitarizing the entire West Bank.

One can hardly believe that in his plan Reagan had the first opinion in mind, because if there was talk about pushing back the border, then the result would be that all of Judaea and Samaria would be under Israel's sovereignty, including the Arab population around Nabulus, which is some 30 km from Kefar Sava. One would therefore be safer in assuming that this article does not pertain to moving the border, but to determining such security arrangements as would remove and danger of the threat to the Israeli population concentrations.

If this assumption is correct--and no doubt it makes more sense than the supposition that the United States believes shifting borders is possible in order to remove Israel from the artillery range (and Operation Peace for Galilee) has taught us that a 45-km strip is necessary for that...) then this means that the Reagan plan actually supports an Israeli withdrawal to the 1967 borders.

Whether or not this evaluation is "imprecise," the prime minister will be able to hear from President Reagan who has the copyright on the plan, and who in his personal message to the prime minister stated that whatever the positions of the parties, he would insist that his decision be adhered to "completely."

Truly these two subjects--the arrangements in Lebanon and the Reagan plan--will be at the focal point of the conclusion of the period of conflicts between Washington and Jerusalem.

Is it really the end of the era of conflicts? The Israeli ambassador to the United States has an optimistic assessment. Is he right or not? We will only learn after the prime minister has visited there.

CSO: 4400/68

NO NEGOTIATIONS NOW ON 'ANSAR PRISONERS

TA081508 Tel Aviv HA'ARETZ in Hebrew 8 Nov 82 pp 1, 2

[Report by the military correspondent]

[Excerpt] The number of detainees in the 'Ansar Camp was at one point as great as 7,500. Some 2,800 have been released. Many returned to their homes in Lebanon, and only a few are known to have resumed hostile activity against Israel, including joining terrorist squads. Among those released were also 134 Egyptians and 82 Yeminites who had joined the terrorist organizations, and who returned as a group to their country.

Israel is also willing to release the 423 detainees from Bangladesh. Their release has encountered difficulties, and even the Red Cross failed to persuade the Dacca Government to supply a plane to repatriate them. In addition to the many Palestinians detained in the camp, many of whom are from Lebanon and the remainder of whom are from Syria, there are also in the camp a few hundred terrorists from various countries who volunteered to serve in the terrorist organizations: 59 from Pakistan, 37 from Iraq, 58 from India, 70 with Jordanian identification cards, 23 from Ceylon, 28 from Turkey, 7 from Iran, 6 from Nigeria, 7 from Tunisia, 5 from Morocco, 5 from Algeria, and a few from Mauritania, Saudi Arabia, Libya, Kuwait, Abu Dhabi, Niger and Sudan.

Concerning the future of the thousands of detainees, it has been reported that although they are not formally considered prisoners of war from the point of view of international law, the Israeli government is willing to negotiate over most of them. The government does not intend to hold them interminably, and wants to arrange their fate in the negotiations over the withdrawal of the Syrian Army and the terrorists from Lebanon. Israel will insist that most of the detainees be transferred from Lebanon to Syria or other Arab countries, as well as to their countries of origin. Some will surely be released in the context of negotiations for the exchange of the Israeli prisoners.

It is to be assumed that many of those with Lebanese identification cards will remain in Lebanon despite the danger of their rejoining to the terrorist organizations. Terrorists who committed crimes against Lebanese citizens and who the Lebanese Government asks to be turned over to it will be turned over. In contrast, Israel will insist that terrorists who were involved in the murder of Israelis and those known as involved in the murder of Israeli citizens and those

known as habitual killers and the organizers of fatal acts of sabotage in Israel remain in its custody to prevent their committing further acts of sabotage. There are a few dozen terrorists in this category.

Presently, no negotiations are being conducted over the terrorists, and there is a possibility that they will stay in the detainment camp for a substantial length of time.

CSO: 4400/68

JERUSALEM 'AL-QUDS' URGES W. BANKERS TO SPEAK UP

JN021330 Jerusalem AL-QUDS in Arabic 29 Oct 82 pp 1, 7

[Article by Engineer 'Uthman al-Hallaq entitled: "How Long Will We Remain Silent?"]

[Text] There has been a great deal of talk recently about the role that must be played by the Palestinians in the occupied areas, especially in the present delicate phase in the history of the Palestine question. Many question have been asked about our opinion on the current political moves. These questions are:

Do we agree to a peace plan under whatever name to regain the West Bank and Gaza in exchange for the recognition of Israel within the 1967 borders?

Do we agree to an amendment of the Palestinian National Charter stipulating that our objective is a Palestinian state in the West Bank and Gaza?

Do we agree to a confederation with Jordan?

These and many other questions are being asked now. Perhaps Palestinian leaders outside the occupied areas have answers to them, but our opinion, we the Palestinians in the occupied territory, will have an impact on the political moves outside and will give them the required impetus.

Nobody denies that what happened in Lebanon was a turning point in the Palestinian-Israeli conflict. After 80 days of war, destruction and the sacrifice of thousands of martyrs, the Palestinians emerged from Lebanon more powerful with their question more talked about in all parts of the world. The support gained by our question confirms the determination of our people to gain their rights.

Our determination is based on four main principles:

1. The Palestinian people must only depend on themselves in regaining their rights and establishing their entity.
2. A political settlement through agreement and coordination with Jordan is the only solution to our question under the present circumstances.

3. Nobody has the right to claim trusteeship over our cause, or credit for the continued existence of our people.

4. Regaining the territory and the homeland must be the paramount objective. It is more important than appeasing any rejectionist leadership or faction.

All Palestinians, regardless of their different inclinations, agree on these principles, which must form the basis for our future political struggle to achieve our objective.

Therefore, the Palestinian people are called upon today, more than at any time before, to rally around and support its leadership. The Palestinians must share the historic responsibility with their leadership by preventing anyone from casting doubts and making malicious comments on or placing obstacles in the path of the political settlement, especially in the current delicate phase.

The Lebanon war has proved that the Palestinians must only depend on themselves in resolving their question, whether by military or by political means. We may have friends in the Arab world and the world at large, but these friends' obligations will continue to be restricted by their personal interests. This is a fact that nobody can deny.

What is required of the Palestinian leadership now is to adopt more brave and rational decisions. We in the occupied homeland declare frankly and strongly that we are behind them. They should go ahead with the plan they set for themselves to achieve a just and honorable political solution to our question. We will not give up hope, despite U.S. and Israeli rejection, because it will not be long before these people will go back on their rejection and consider the course of a just solution.

What we fear most now is missing the current opportunity to achieve an honorable political solution. What is required now is to translate the Palestinian gains in the Lebanon war into political victories.

The question now is:

Who will emerge triumphant from the Lebanon war, which is not over yet: the Palestinians or Israel?

The answer is: If the Palestinians and Jordanians could agree on a common formula in the coming political battle, this would be a great defeat for Israel extremism. Otherwise, Begin and Sharon will achieve their objective of undermining the political settlement.

We in the occupied territory must come out of our silence and let the world hear our voices so everyone, far and near, will know what we want and know that we are not mere spectators. We must show that we are behind the process that will lead our people to freedom and dignity.

CSO: 4400/68

JERUSALEM ARABIC RADIO PRAISES JORDAN TV COMMENTARY

JN071754 Jerusalem in Arabic to the Arab World 1435 GMT 7 Nov 82

["Observation" by Ya'qub Khazmah]

[Text] In a Hebrew language commentary following the Hebrew newscast on Jordanian television last night, the commentator Harun Mahamid made a statement which should be written in letters of gold. He said: The distance between Amman and Washington or between Tel Aviv and Washington is not the same as that between Amman and Tel Aviv. It is from Amman and Tel Aviv that the solution came; it should not be a solution imposed on the parties to the dispute by Washington.

In this remark, Harun Mahamid has hit the nail on the head. Unfortunately, this idea is not adopted by everyone. Israel and Jordan are close neighbors; their people are semitic and are an integral part of this region. There are differences of opinion between Jordan and Israel which cannot be sorted out by anyone else. Nobody can solve differences between two neighbors as easily as they themselves. Jordan's King Husayn has been known for his courage and wisdom. However, he did not show these traits during the late President al-Sadat's initiative. He did not join the negotiations to solve the Middle East problem. The king should show these traits now when the Palestinian problem appears on the international scene as it never has before.

Jordan is a main party to this problem; it has important views on it. Nobody can deny that a comprehensive peace in the region cannot be reached in the region without a solution to the Palestinian problem. Hence, those who can reach a solution to this problem and realize a comprehensive, firm and just peace in the region are the parties concerned with this problem, not others. That is what Harun Mahamid called for in his Hebrew commentary following the Hebrew newscast on Jordanian television. How well he has spoken. And how well speak all those who tell the truth as it should be told.

CSO: 4400/68

JERUSALEM 'AL-FAJR' URGES PLO-ISRAELI DIALOGUE

JN080944 Jerusalem AL-FAJR in Arabic 1 Nov 82 p 1

[Editorial: "Palestinian-Israeli dialogue"]

[Text] Recent Palestinian statements on the possibility of negotiations between the PLO and Israel, especially those attributed to PLO executive committee Chairman Yasir 'Arafat about his readiness to hold a dialogue with the Israeli Labor Party, have aroused different reactions in Israel, ranging from welcoming such a dialogue to expressing reservations on it or absolutely rejecting it.

While one trend considered these statements a positive move which deserves similar response and concern, a second trend reiterated the traditional stand that Israel will only negotiate "with the Palestinian side which is ready to recognize Israel's right to exist, stop all acts of violence against it and agree to amend the Palestinian National Charter." Yet, a third trend claimed that its party will not negotiate with the PLO, that it will not accept the establishment of a Palestinian state and that a settlement is only possible through Jordan.

These three main trends in the circles of the Unified Labor Party (MAPAM) reflect a basic fact; namely, that a new trend has emerged in Israel toward recognizing the PLO. However, this trend is still represented by a minority which has no influence, while the two other trends are represented by a majority which has the power to make decisions.

Nevertheless, it is wise to continue the present Palestinian diplomatic campaign so as to expose the real intentions of the diehards in Israel and, at the same time, strengthen the position of the moderates, who are ready to recognize the Palestinian people.

CSO: 4400/68

PERFORMANCE OF ISRAELI-MADE PILOTLESS PLANE REPORTED

TA052022 Jerusalem Domestic Television Service in Hebrew 1815 GMT 5 Nov 82

[Text] We will conclude our program with a report about the Mazlat, acronym for miniature pilotless plane [matos ze'ir lelo tayas]. It was developed by the Israeli arms industry and the Israeli Aircraft Industries [IAI]. Its purpose is to gather intelligence and to clearly look at the enemy from close-up without endangering any of our soldiers. The IDF used the Mazlat for the first time in the war in Lebanon. It was then exhibited in an aircraft fair in Washington and became an international hit among arms dealers. Now it is being sought after by many countries and it augurs ample revenues for the IAI. The Mazlat's performances were humbly displayed in the fair in Washington. For the first time tonight, we will expand on its features. Here is a report by Dan Scemama.

[Begin videotape] [Scemama] Defense experts in Israel and throughout the world refer to this plane by saying: This is another science fiction story come true. People in IAI say: Militarily, the Mazlat has brought us into the 1984 era; big brother is watching every movement from the sky.

Here, in this film, we see it on a patrol flight over the coastal road intersection near Hadera and on its way northward, to Lebanon. Its flight range is 100 kms and it is controlled by this control vehicle seen in the film. It is here that people observe the picture it relays and from here it is directed to its targets. The plane is currently over the al-Qasimiyah bridge over the Litani River. The bridge was destroyed in bombardments by the Israeli Air Force, even before the peace for Galilee operation. Part of the bridge which was not destroyed and whirlwinds of air force hits may be seen. The control man in the command vehicle directs the plane to its first target: A forest in southern Lebanon where terrorists seek refuge. At the same time, there are exchanges of fire between terrorists in the woods and IDF forces. IDF artillery officers may accurately discern the location of the terrorists' cannons and direct their fire accordingly.

Meanwhile, a vehicle approaches the wood where the exchanges of fire had been going on and it is boarded by terrorists. The Mazlat is immediately entrusted with a new mission: To follow the terrorists with the purpose of spotting the location of their base. In the film, we see the plane flying over 100 kms per hour, faster than the vehicle it is tailing. However, the sophisticated television camera instilled in its belly follows the vehicle until it reaches the

terrorist base in the neighboring village. This is important intelligence information which the terrorists do not know about and who do not even conceive that the IDF already possesses at the time.

[Unidentified IAI Engineer] The Mazlat is built with the same technology of a military aircraft for all intents and purposes--from the electronics, the body and the aerial camera down to the launcher. The landing net and the ground control station. All this forms a military weapons system which costs more than an amateur glider.

[Scemama] Who would you describe the contribution of this weapons system to the IDF in the peace for Galilee operation, for example?

[Unidentified IAI Engineer] This plane enabled the commander in the field to observe what was happening in the enemy's field in real time terms, a long time before the commander himself arrived in the field and to discern whether he was dealing with ambushes or enemy forces moving toward him and plan his action accordingly. Other means, such as patrol planes and manned observation posts, are either more expensive or perilous. With the help of the Mazlat, we save on casualties and on funds.

[Scemama] This is West Beirut: Ra's Bayrut, the hypodrome and the soccer field. The terrorists gathered in this field before their departure for the port upon leaving the city. There were many publications about the accuracy of Israeli artillery hits on terrorist targets within populated West Beirut. With the Mazlat, it is possible to photograph manned posts and cannons and even follow mobile Katyusha launchers. Of course, the information relayed by the Mazlat enables immediate attacks on these targets.

Here we see one of the ships arriving at the Port of Beirut to evacuate the terrorists. As recalled, the evacuation was stopped once at the IDF's demand when it became clear that the terrorists were getting weapons out, in contravention of the agreement. The IDF presented the Americans with films showing the smuggling out of weapons which had been forbidden.

Here we also see a U.S. Navy ship, the one that brought the U.S. Marines who supervised the evacuation of the terrorists. The Mazlat receives an order by radio to fly eastward, to the Syrian-Israeli confrontation line in al-Biq'a'. According to publications in a military paper overseas, the Mazlat helped in destroying the Syrian surface-to-air missile batteries, and conducted regular observations of Syrian airfields and warned about preparing fighters to take off when they were still on the runways.

Here in the picture, we see a Syrian tank deployment in al-Biq'a' and it is possible to discern tanks concealed in entrenchments. Experts believe that the Mazlat brings us to the future. They go on to say that we are approaching a situation where commanders will sit in front of television screens and conduct the fighting from there.

These Mazlat patrols over the al-Biq'a' region, in addition to other means, are of supreme importance for the IDF. Over 1,000 Syrian tanks, thousands of Syrian soldiers and terrorists are stationed in a defensive deployment on the

Syrian-Israeli confrontation line in Lebanon. Within a few hours, the Syrians may turn from a defensive to an offensive deployment. One Mazlat may remain in an observation position about 7 hours and, of course, it may be replaced.

Following an order, the Mazlat returns to its base for landing. The Mazlats made hundreds of sorties in the peace for Galilee operation and proved their efficiency: None of them was hit by enemy fire. They do not need a runway, they are launched from a launching vehicle and they land into a net.

CSO: 4400/68

HEBRON ELECTRICITY SEVERED BECAUSE BILL NOT PAID

TA041111 Jerusalem Domestic Service in Hebrew 1005 GMT 4 Nov 82

[Text] Here is a report by our correspondent in Judaea and Samaria, who has just arrived in the studio. Good day. You have a report that electricity has been severed in Hebron Town. Why is this?

[Gus] At 0930 this morning the electric company indeed cut off the electricity supply to Hebron, and the town has remained without electricity. Hebron receives electricity from the Israeli Electric Company--that is, they receive the electricity and the municipality itself is responsible for distributing it to the inhabitants and, of course, collecting the money from them. The electric company explains that Hebron owes for September, not October, about 6,250,000 shekels that they have not paid. The municipality says that yesterday they paid about 4 million shekels of the debt and the electric company confirmed this, but a sum of about 2 million shekels still remains to be paid and the electric company has announced that it is not prepared to allow the municipality such a delay. The director of the central branch of the electric company, Mr (Paul Sheffer), told me that what applies to Hebron as a consumer of electricity is no different from that which applies to other Israeli consumers [interrupted]

[Studio Commentator] What do the Hebron elements say to this?

[Gus] They have immediately begun, of course, to protest against the electricity cut. Installations have been left without electricity--for example, hospitals--and, at the same time, they have begun an emergency fund to collect funds to make it possible to pay the debt.

[Studio Commentator] You are not an expert on electricity matters, neither am I, but it seems to me that there is no precedent to an entire town being cut off from electricity because of a debt to the electric company.

[Gus] It seems to me that in the past, Gaza was cut off, for a very short time, from the electricity supply; but Mr (Sheffer) says that Sha'arey Tzedeq and Meqorot and other large bodies in Israel have also been cut off from the electricity supply when they did not pay their debts.

CSO: 4400/68

BRIEFS

COMMUNIST PAPER OPPOSES REAGAN PLAN--The official communist paper in Judaea and Samaria, AT-TALI'AH, today rejects the Reagan plan and the intention of permitting Jordan to represent the Palestinians. The paper reports that manifestos are now being signed in Judaea and Samaria against a Palestinian settlement of this sort. The communist paper claims that the Reagan plan concedes on the intention of establishing an independent Palestinian state. The paper's editor, Bashir Baghruti, writes that the political process connected with the Arab right is nothing but surrender. Our correspondent Phinhas 'Inbari reports that this week slogans condemning what is called the Jordanian plot were written on walls of many buildings in Nabulus and villages near it. [Text] [TA050918 Jerusalem Domestic Service in Hebrew 0900 GMT 5 Nov 82]

COMMITTEE ON ARAB AFFAIRS FORMED--Arab Knesset members from the Labor Party, Mapam and Rakah have decided to work jointly through a follow-up committee to discuss the affairs of the Israeli Arab population. The 11-man committee is composed of 4 Knesset members and 7 heads of local councils who represent the Arab municipal authorities. This was decided yesterday in a meeting held in Shefar'am through the initiative of the chairman of the national committee of Arab municipal authorities and Shefar'am Mayor Ibrahim Nammur Husayn. The new committee's first action will be to try to meet Interior Minister Dr Yosef Burg to inform him of the Arab local councils' economic distress. Observers regard the formation of the new committee as a serious step in the public activism of Arab representatives. To date, Arab Knesset members of the various factions have refrained from cooperating. This association may cause divisions and splits that will accelerate the establishment of a new Arab list in the next Knesset elections. [Report by Galilee correspondent 'Atallah Mansur] [Text] [TA210900 Tel Aviv Ha'Aretz in Hebrew 31 Oct 82 p 2]

SOCIALIST CONFERENCE--Labour Party Chairman Shim'on Peres said yesterday that he had prevented the adoption of a resolution at the Socialist International [SI] meeting in Basel this week which would have called for mutual recognition between Israel and the PLO. Returning yesterday from the 3-day conference Peres told airport reporters the clause came as an amendment by several countries to a resolution which had already been agreed upon by all delegates. It called for the withdrawal of all foreign troops from Lebanon and for a peaceful solution to the Middle East conflict, and condemned anti-Semitism and terror. Peres explained that he differed with other members of the SI presidium on a proposal to recognize the Palestinian people's right to self-determination. He

insisted on using the wording employed in the Camp David accords--legitimate rights of the Palestinian people and its demands. All other socialist leaders present were ready to endorse the presidium's view, but when Peres stridently objected to the amendment, it was decided to postpone adoption of the resolution altogether. Peres said he felt it was better to have no resolution at all than the one which had been proposed. He noted a marked drop in support for Israel among the international's members, but stressed that reports about a move to suspend the Labour Party's membership because of its partial support of the war in Lebanon were unfounded. [Text] [TA050615 Jerusalem THE JERUSALEM POST in English 5 Nov 82 p 3]

ELECTRICITY RESUMED--Tel Aviv, 4 Nov (ITIM)--At 1130 GMT representatives of the Hebron Municipality came and paid about 2 million shekels toward the electricity debt and, as a result, the director of the Jerusalem branch of the electric company, Mr (Paul Sheffer), ordered that the supply of electricity to Hebron be resumed. At the same time, he explained that a debt of 5.5 million shekels still remained for October and the municipality would have to pay the entire debt since, if it did not, the electric company would again cut off the supply to the town. [Text] [TA041506 Tel Aviv ITIM in Hebrew 1215 GMT 4 Nov 82]

SETTLEMENT DISMANTLEMENT NOT POSSIBLE--London, 3 Nov--Foreign Ministry Director General David Kimche, who ended his visit to London today and returned to Israel, has said: "We do not want to dismantle settlements just as much as we did not want to dismantle Yamit; but I cannot say that we will never do that." Kimche also reported that he is convinced that Bashir al-Jumayyil would have made peace with Israel "within a year." He described both Bashir and Haddad as Israel's friends, and about the latter added: "We would not want to see him thrown to the dogs." ["Exclusive" report from London by the correspondent in the UK] [Text] [TA041122 Tel Aviv HA'ARETZ in Hebrew 4 Nov 82 p 1]

CORRESPONDENT VISITS IDF CAPTIVES--A Le Monde correspondent has met six of the eight Israeli captive soldiers held in prison by the PLO, and they told him that they are feeling excellent and never expected such a good attitude from their captors. They said that the PLO made an effort to prevent their falling into Syrian hands. In order to cross the Syrian lines in Lebanon, they were covered with blankets and divided into small groups. The journalist said that the six captives have their meals with their captors, and that the relations between them are as he said, easy. One of the captives, 21-year old Dani Gilbo'a, said that they fell captive while about to go out on a patrol mission, when all of a sudden they heard someone speaking Hebrew and demanding that they lay down their arms. They expressed the hope that prisoner exchanges will take place soon. [Text] [TA031714 Jerusalem Domestic Service in Hebrew 1700 GMT 3 Nov 82]

NEGEV AIRFIELD SITE EVACUATED--Bedouin today evacuated the area of the tall Malhata Airfield. This was made possible only after the compensation fees for the evacuees were increased, in return for which they gave up pressing legal charges against the Defense Ministry, which would have been probed by the high court of justice. [Excerpt] [TA072024 Jerusalem Domestic Television Service in Hebrew 1900 GMT 7 Nov 82]

CAPTIVE ISRAELIS VISITED--The owner of the AL-FAJR newspaper Paul 'Ajluni visited the Israeli prisoners held by the al-Fatah organizations in the al-Biqa'. Paul 'Ajluni, who lives in the United States, reported to the editorial staff of the AL-FAJR that he spoke to the prisoners and that they told him that they receive good and humane treatment according to the international treaties. Our correspondent Arye Gus was told by the editorial staff of the paper that pictures of the prisoners will appear tomorrow in the Arabic paper, and the AL-FAJR paper which appears in Hebrew will publish an extensive interview with them during the week. [Text] [TA062005 Jerusalem Domestic Service in Hebrew 1900 GMT 6 Nov 82]

VILLAGE LEAGUE BODYGUARD SLAYING--The bodyguard of the head of the village leagues in the Nabulus area was killed last night. He was murdered outside the home of a league official. [Text] [TA090559 Jerusalem Domestic Service in English 0500 GMT 9 Nov 82]

CSO: 4400/68

POSSIBILITY OF POLITICAL PARTY RESTORATION DISCUSSED

Paris AL-MUSTAQBAL in Arabic No 292, 25 Sep 82 pp 39-43

/Interview with Jordanian politicians by Hani Khayr: "Five Jordanian Politicians Demand Return of Parties to Jordan; 'Akif al-Fayiz: We Demand Release of Democracy, Abolition of Special Courts and Provisional Laws and Restoration of Parliamentary Life to Its Previous Condition; Hamad al-Farhan: Arab Homeland Has Enough Strength to Make It Capable of Repelling Israeli Aggression and Restoring Free Life to all Arab Peoples; 'Ali al-Suhaymat: What We Wish Is To See in Jordan Two Political Movements Competing To Serve Homeland not Tied to any Foreign Movement; Al-Shaykh Haju: We Are not Opposed to Multiplicity of Parties in Our Country if Their Goal Is Compatible With Jordanian Constitution and With Jordanian and Arab Interest; Mulhim al-Tall: Peoples' Awareness Is Strengthened Through Democratic Experience and Flaws of Democracy Are Corrected With Greater Democracy, not by Denying It to People"; date and place not specified

/Text Amman--At present, there are no legal or licensed parties in Jordan because the political parties were dissolved when the first general martial laws were declared in 1957.

The Jordanian law permits the formation of political parties in accordance with law No 15 of 1955. However, article 11 of this law transforms the right to form parties stipulated in article 3 of this law into a lifeless and meaningless right because it empowers the Council of Ministers to issue decrees in accordance with the law, including of course, decrees rejecting requests for the formation of parties and decrees dissolving parties.

Practically, political parties are present in Jordan, but they are illegal. They engage in their activities either secretly or semipublicly. It can be generally said that the members of these parties are not harassed under general /normal security conditions. However, the activities they engage in are subjected under normal conditions to what may be termed calm and peaceful observation by the state.

Reports have been recently circulated that a number of political groups intend to apply for the formation of parties in Jordan. AL-MUSTAQBAL has interviewed 'Akif al-Fayiz, Hamad al-Farhan, 'Ali al-Suhaymat, al-Shaykh 'Abd al-Baqi Haju and Mulhim al-Tall, who are among the most prominent politicians demanding the restoration of parliamentary life, and asked them the following questions on this important political issue:

1. Is there a need for the restoration of partisan political life to Jordan?
2. Do the current political conditions help the presence of such parties.
3. What are your impressions of the previous parliamentary condition in Jordan?
4. Is it your opinion that the people's political awareness is up to the test of founding parties?
5. Do you believe that Jordan's situation can accomodate the presence of more than one party?
6. What is your party's name, what are its goals and did you previously apply to the government requesting the formation of a party in accordance with the parties law and what has the government's response been?

Answering these questions, 'Akif al-Fayiz, an ex-speaker of the Chamber of Deputies and a former deputy prime minister, said the following:

1. "The degree of political and cultural awareness in Jordan is distinguished from that in many Third World countries, generally, and in the Arab countries in particular. If we backtrack to the recent past, we find that Jordan was foremost among the Arab countries exercising political life and, that it was the first to believe in, adopt, and advocate the principles of pan-Arabism. The seeds of this unity are to be found in the revolution of al-Husayn ibn 'Ali against the Ottoman Empire."

"I demand most strongly the restoration of free political life because no people or country have life without it. The people must take part with the government in shouldering the fateful responsibilities and they must exercise their rights which were guaranteed by the Constitution many years ago."

2. In reply to the second question, al-Fayiz said: "There is no doubt that the current internal and external conditions call by necessity for the presence of parties in Jordan. If circumstances dictated the presence of parties in the past, then the difficult present circumstances require mobilizing the masses under a single banner because the people's participation in determining their future is a basic demand for preserving this country's unity and pan-Arabism.

"The current domestic and external circumstances dictate the formation of local parties that do not import their principles from abroad and that are not tied to any creed or principle not emanating from our heritage, religion and culture. The more the crises intensify, the more necessary becomes the formation of parties so that the masses may take part in building their future. The plots and storms faced by the area require the presence of popular organizations to help the official agencies and to take part with them in shouldering the responsibility and making the decision."

3. Answering the third question, 'Akif al-Fayiz said: "I must refer with appreciation to the previous parliamentary conditions in Jordan. I must also point out that if the parties did not succeed at that time, then the local and international conditions in the late 1950's and early 1960's which obstructed strongly the procession of those parties and paralyzed their movement must be noted. Moreover, those parties did not interact with the Jordanian people naturally and intellectually and were thus subject to internal and external currents and elements which confronted and frustrated them. Despite my full appreciation for all the parties that have existed on Jordan's soil, I do not support the formation of any party tied by principle or affiliation to any place other than Jordan. Here, I must note with appreciation, the role of a select few who participated in that partisan activity, for the services they performed and for the imprints they left on the pages of this struggling country."

4. To the fourth question, 'Akif al-Fayiz said: "The Jordanian people are among the Arab peoples most open to and most strongly attached to political life. They also have one of the highest levels of education and culture. If we cast a quick glance at the number of our students at universities and higher institutes in fraternal and foreign countries, we would find that their percentage, compared to Jordan's population, is extremely high. There are a large number of our sons who hold important cultural, scientific and political positions in a number of countries of the world."

"In view of all this, I believe that the people are qualified to form parties arising from the reality of their country and from its desert and urban life."

"First and foremost, I demand freeing public liberties and democracy, with its parliamentary and press aspects and freedom of opinion, from captivity. I also demand abolition of the special courts and strengthening the regular courts that have been in existence for years. I further demand abolition of the provisional laws and restoration of the sound parliamentary life to what it was in the past."

In reply to the fifth question, Al-Fayiz said: "Without the least doubt, I support the presence of more than one party in Jordan. I am inclined toward the presence of two parties in this country similar in model to the parties of the advanced countries, as in Europe and the United States, with one party ruling with a parliamentary majority and the other engaging in constructive opposition."

"Any party founded in this country must take into consideration the genuine character, components and mainstays of the society it represents. When we start with a single house and build it strong and firm, it will be easy and certain to become closely allied with the other parties."

Regarding the sixth question, Al-Fayiz answered: "With the absence and obstruction of democratic partisan life in Jordan after the 1967 aggression, I started with a number of brothers in thinking of establishing an organization in which we agree on firm principles and goals reflecting the people's

aspirations and ambitions but the circumstances encountered by the area in succession prevented this from taking place. Then the idea came up again, so we put our trust in God and drew up a charter for a party which we called the Arab National Party and officially applied to the government. But very regrettably, we have been surprised by the government's rejection of the request. The request is still pending at this moment.

Hamad al-Farhan, former minister of economy and leader of the Arab Nationalists, has said the following in reply:

"I hope that what the introduction to your questions has said about the presence of an official tendency to permit the return of political parties to Jordan is true, because the official tendency would then be proceeding in the right direction, responding to the people's aspirations and to the requirements of the Constitution. But it seems to me that the whole subject pertaining to the formation of parties in Jordan or in any other Arab region is less urgent at present than other acute questions projected in this critical phase. The most important of these questions arises from the general Arab position toward the dual Zionist-U.S. danger, especially in the wake of the Zionist invasion of a new Arab region, namely Lebanon.

"Under the shadow of the serious current events, the Arab citizen does not expect the results of the Arab summit to be just ordinary results. He expects the Arabs to rise to the level of a conference of responsible leaders. The ordinary Arab mind cannot accept seeing Israel alone, without exception, continue to be able to confront and threaten all the Arab forces.

"The other critical point raised is the position of the Arab rulers toward the PLO. I urge greater Arab backing and support for the PLO, not just to preserve the organization but because absolute support is the only sincere declaration by the conference leaders of their rejection of the Israeli domination of the area.

"While the political reality requires me to acknowledge that the present regular forces of the Arab regimes are incapable of a decisive confrontation against Israel, I believe at the same time that even in this phase there are available and adequate sources of Arab strength, in addition to the regular military forces. In my view, this strength has three main components which must be given absolute priority in the resolutions of the forthcoming conference of the Arab leaders.

"The first component is the strength of the Arab people's steadfastness and the possibility of mobilizing these people to stand fast. The example of Lebanon is clear, both historically and realistically. The faithful people have stood fast longer than the regular armies. Mobilization of the Arab peoples in their various countries will occur by securing their liberties and allowing them to take part with the ruling regimes in determining their future and their causes.

"The second component which enables us to engage in confrontation is the inevitability of uniting the position of the Arab presidents and rulers.

"The third component is the strength of the Arab homeland's enormous resources which are being currently squandered to serve superficial, transient and consumer interests of certain countries who are far from assuming their full responsibility in bolstering Arab steadfastness."

Engineer 'Ali al-Suhaymat, the minister of transportation, has answered as follows:

1. "One of the citizens' fundamental rights is the right to popular participation in formulating the state's general policies, inclinations and plans which govern the citizen's affairs and relations. Despite the area's circumstances, Jordan has numerous forms of such participation. Jordan's citizens criticize and direct the work of the state establishments in various ways. Consequently, Jordan exists under a relatively unique position in this regard, when compared to other countries in the area. We aspire to develop and to enhance these forms of participation so as to transform them into national organizations, without disregarding the reality under which the area exists or forgetting the hardship which Jordan had previously encountered in its past experiences with the parties.

"Jordan started its political existence after independence with the practice of real democracy. It had its political movements and its elected parliament. However, the wave which swept the area, and which resulted in the political movements abandonment of democratic methods, led to the rise of the ruling parties instead of the free national parties which participate in and guide government.

"We are aware nowadays that our country's youth and younger generation are most deeply concerned with the Arab issues and public affairs. We believe that it is necessary to create the proper and healthy political climate to enable concerned youth, who are the future leaders, to participate /in public affairs/ in their homeland, proceeding from intrinsic national starting points that are free of blind acceptance and demagoguery. This is why it is necessary to engage in organized and loyal political action in Jordan so that the faulty practices of some political circles and elements, especially outside Jordan, may not become entrenched.

"I believe that the internal and external political conditions are responsible for the reluctance of all concerned to develop partisan life in Jordan.

2. "Jordan encountered severe hardship in its past experiences with the parties. It is well-known now that the past partisan life has left traces of negativism and a history which citizens do not wish to recall.

3. "In Jordan, the stable situation, the feeling of security, economic prosperity and the high development in education and the citizens' positive interaction with the public issues have developed political awareness among the Jordanian people, making them more rational and steering them farther away from demagoguery and slogans.

4. "I wish to see in Jordan two political movements, with their rivalry and disagreement aimed at serving Jordan, its security and its major public issues and with their political action emanating from a Jordanian national charter from which no deviation is permitted--a charter whose provisions may include the following:

"A. That the political movement be a national movement not permitted to have any bond outside the borders of the homeland.

"B. That the movement be national in affiliation, pan-Arab in goals and free of regionalism.

"C. That it believe in and respect the nation's heritage, values and ideals.

"D. That it abide by the democratic system in its activity and believe in dialogue as a means for dealing with others.

"E. That it observe and exert efforts to entrench Jordan's sovereignty, constitution and laws.

"I have never applied, independently or with a group of others, to the government to form a party or a political movement. However, I am interested in searching for the right formulas to organize the citizens who are sincere in their service of their country, in protecting their rights to a dignified life free of any tampering and protecting their heritage and values from any harm or encroachment."

His Eminence al-Shaykh 'Abd al-Baqi Haju, a leader of the Shishan community and a member of the Chamber of Deputies, has said:

1. "Jordan has known national parties only within confined limits. Before the 1940's, the Jordanians had the National Party. Other parties founded in the 1950's, led to the Arab Renaissance Party and the People's Party. As for the other parties which may come to mind when mentioning parties, we cannot call them Jordanian parties because not all their leaderships were Jordanian. Therefore, the bitter experience which pervaded the political life of Jordan was not able to save the country from the situation it had reached.

"Therefore, I do not find the phrase 'restoration of partisanship' a precise expression in this respect. What is needed is to build a sound political life compatible with the Jordanian Constitution's principles and with the people's interest and their pan-Arab and Islamic affiliation.

2. "As for the internal conditions, the signs of their compatibility with the creation of a constitutional political life include this renaissance which has been and is still being witnessed in various spheres, especially in the spheres of education and the economy. As for the external conditions, even though we urge the need for the creation of partisan life in Jordan, we do not support the ready-made and cut-to-order partisan forms known to some fraternal and friendly countries. We call for national parties compatible with our local reality, our Islamic heritage and our Arab aspirations.

3. "Very regrettably, Jordanian citizens have not had a positive impression of the past partisan life. This impression is the main and immediate reason which has kept the door open to the question as to whether it is necessary to form political parties in Jordan at present. The previous parties were the branches of non-Jordanian parties. If the objectives of the leaders and the people in charge of those branches in Jordan were to attain positions of responsibility--positions whose previous holders those leaders had criticized--then their personal goals were realized. But at the same time, they failed to realize the homeland's interests and the nation's goals.

4. "We don't find ourselves in need of attesting to the fact that if our people are not better aware than other peoples, their awareness and their proper appreciation of affairs are not at all less than those of other peoples. Moreover, parties work to strengthen the people's awareness and to raise this awareness to a sounder and more perfect level.

5. "We believe in having opposing opinions while hoping that the majority of the Jordanians will agree on a general national direction. But at the same time, we believe in the right of those with opposing opinions to have constitutional freedom and guarantees to speak out. Therefore, we do not oppose a multiplicity /of parties/ compatible with the principles of our Jordanian Constitution and the public interest.

6. "We have called our organization the Constitutional Front. We have sought to rally the majority of our Jordanian people behind this front, proceeding on the basis of the principles of the Jordanian Constitution which underline the Arabism of the people and of the homeland. We have already submitted an application and made contacts to obtain an official permit to establish the Constitutional Front. But the circumstances undergone by the homeland have prevented the officials so far from completing their study of the question of permitting the formation of political parties and also prevented termination of the freeze put on the Jordanian parties' law.

"We trust the wisdom of our leadership and hope that the right time will come when the ban on the formation of parties in Jordan will be lifted."

Lawyer Mulhim al-Tall, one of the Constitutional Front leaders, has said the following in reply:

1. "The reasons which compelled us to freeze partisan life in Jordan were beyond our national will and came as a result of the conditions prevailing in our Arab homeland from the onset of the 1950's and until the catastrophe of June 1967--conditions such as the multitude of interpretations, the divergent theories and the misleading of the masses with bright slogans. On the black day of 5 June, we awakened to the naked truth and became aware of a number of ideas which led us to a series of catastrophes that have not ended yet and will not end except with the restoration of democracy and respecting the Arab citizen's rights in every Arab country.

"The absence of popular control and the nonexistence of democracy in our political life are the main and most important reason for the continued disability, fragmentation and ignominy we are suffering.

"Therefore, I believe that action to restore partisan political life to Jordan has become a national interest and a pan-Arab necessity which we implore God to enable us to realize within the framework of a firm faith in our Jordanian Constitution and in the message of the greater Arab revolution.

2. "We do not deny the importance of external conditions when discussing the restoration of partisan political life to Jordan. But we believe that our internal political conditions in Jordan are more important. These conditions firmly help to build a partisan life free of impurities. Jordan is foremost among the Middle East countries insofar as the standard of education is concerned. Jordan was also born amid the Arab revolution. Jordan, and this is most important, stands in a direct confrontation against the usurpers of Palestine on the longest steadfastness and confrontation line.

"Last, but not least, Jordan is threatened directly by the expansionist ambitions of the Zionist movement.

3. "The efforts and capabilities of a large segment of Jordan's citizens were squandered as a result of their preoccupation with the affairs of non-Jordanian Arab parties to which they belonged. This foiled their opportunity to engage in effective action to serve their country and citizens like their other Arab brothers in the other Arab countries.

"Jordan has been and continues to be in dire need of the capabilities and skills of its citizens. You cannot give at the pan-Arab level if you don't give at the national level.

4. "There is no doubt that the Jordanian people are at a level of awareness and of mature experience which enables them to engage in partisan life in the light of their national reality and the pan-Arab reality of their nation. Moreover, we all know that any people's political awareness is strengthened through practice and action and through their intrinsic experience. The flaws of democracy are corrected with more democracy, not by depriving people of it.

5. "Regarding the issue of the single party, I believe that it is not in the interest of Jordan or other countries to adopt the single-party system. The failure of this system has been proven in all the Third World countries that have adopted it. The single-party system is incompatible with the simplest democratic concepts because how could the advocates of opposing opinions exercise their political rights? Therefore, the multiplicity of parties is a must, but within certain conditions and restrictions that put the public interest above all considerations.

6. "When the fraternal colleagues met to discuss the issue of forming the proposed political organization, we agreed to give the organization the name of the Constitutional Front so that the name will constitute a prominent

symbol of our faith in the Constitution, i.e., in democracy. We believe that any development in any public sphere must occur through constitutional establishments which it is our duty to protect and reinforce, in order to build a modern, progressive and democratic Jordan.

"As for obtaining a legal license for the formation of our political organization, this issue does not concern us alone. The issue of founding political parties in Jordan is receiving ever-increasing attention from the officials who are studying it. We hope that the outcome of their studies will realize the supreme national interest."

8494

CSO: 4404/11

CENTRAL BANK GOVERNOR DISCUSSES AMMAN AS FINANCIAL CENTER

Amman AL-DUSTUR in Arabic 12 Sep 82 p 5

/Article: "Comprehensive Interview With Central Bank Governor on Banking Policy in Jordan"

/Text/ Amman-AL-DUSTUR--In its first edition, AL-BUNUK FI AL-URDUN /Banks in Jordan/ magazine published an important and lengthy interview with Dr Sa'id al-Nabulsi, the Central Bank governor, by Dr 'Abdallah al-Maliki, the magazine's chief editor. In view of the importance of the topics dealt with in the interview, AL-DUSTUR has decided to set aside this week's economic page to review the opinions and ideas presented by the Central Bank governor.

This interview was conducted in the first week of July.

Amman as Financial Center

/Question/ Thank you, doctor, for providing this opportunity to AL-BUNUK FI AL-URDUN to discuss with you a number of topics, some old and some new--the old to be reaffirmed and the new to see what is new in them. All these topics are directly or indirectly connected with the concerns of the banking business.

We will start with Amman as a financial center. How do you view the future of this center, especially in light of the current events in the area or independently of them? What are the goals behind the basic economic policy of developing the Amman financial market and what are the measures that have to be taken so that this market can reach its full potential?

/Answer/ The truth is that there was frequent talk of the Amman financial market during the 1970's. Most often, the talk proceeded from one aspect, namely, that of developing Amman as a financial center for the area and then as an international financial center. This development has always been among our fundamental goals. But we have never thought at any time of turning Amman into an international center in the real sense of the word. Our goals were more limited and modest than this. Our goals in this phase are to develop Amman much more as a financial center in the area, and for more purely domestic rather than international purposes.

The creation, rather development, of the Amman financial market has not been done just to preserve banking activity, along with the other broad economic activities serving it, but also to establish a comprehensive institutional framework by establishing other financial institutions to complement and complete the role of the banks from all angles, including the capital market. This is what I want to emphasize. Jordan lacked a market for medium and long-range capital and we felt that the development process could not be completed without the presence of a capital market. This is why we proceeded to establish financial companies, investment banks, the financial (stock) market, the specialized loan institutions and all the market elements that can provide financing for periods that the banks cannot provide themselves.

Secondary Financial Market

Question This leads me to another question that I wanted to raise later on, namely, the secondary market for bonds, especially government bonds. If we define the capital market as one providing loans other than short-term loans (stock market), we can see that this market did exist to begin with, but not to the extent that we wanted. The presence of a secondary market is fundamental for the development of the capital market you have referred to and for promoting loans because it employs the means of transforming bonds and stocks into liquid assets. Let us return to the secondary market for government bonds to note that since the issuance of these bonds, the Central Bank has followed the pattern of purchasing the bonds at their face value. This pattern does not create an active demand for these bonds among investors seeking financial investment and speculation. Moreover, this pattern obstructs the market's dynamism and does not help develop its subsidiary market. Perhaps you have heard the criticism addressed to the Central Bank in this regard. Are there plans to terminate this situation in the near future with the aim of bolstering the secondary financial market in Jordan?

Answer As you know, the complete money market consists of institutions and instruments. We began the efforts to create the instruments simultaneously with, perhaps even before, creating the institutions, considering that the issuance of government bonds (public debt bonds) dates back to the late 1960's, when we introduced an instrument for short-term borrowing in the form of treasury permits. These two instruments played a major role in developing the complete financial market and in development because through them the state was able to amass and mobilize large sources of savings to finance its development and current spending. When we started the operation, the bonds actually constituted a form of saving. The Central Bank was compelled at the time to encourage saving by safeguarding the face value, meaning that we insured liquidity, profitability and security for the bonds. This policy helped promote the bonds. But we were aware from the start that this constituted a departure from the sound approach that dictates that securities be left to the influences of the supply and demand factors in the subsidiary market. But as I have already said, there had to be a plan to encourage the buyers of these bonds. Naturally, I agree with you to a large degree that this plan has exhausted its purposes. Through this instrument, the state has been able to attract a lot more savings than if it had resorted to borrowing without this instrument.

Development Spending

/Question/ Have the borrowed monies really been used for development purposes?

/Answer/ I wish to emphasize that the state does not have separate pockets. Consequently, there is no separate pocket for development and another for current spending, one for foreign debt and another for local debt and so forth. In the broader sense, the state treasury is a big vessel incorporating all of these pockets. Consequently, no man can say categorically that the monies borrowed by the state have gone here or there. But the basic question that answers yours is: Has the state spent on development sums equal to or exceeding what it has borrowed? The fact is that the state has spent a lot more than it has borrowed, and this is proven by the development plan. Development spending by the government during the 1970's exceeded manyfold the sums borrowed by the state in the form of development bonds or loans.

Mutual-Loan Bonds

/Question/ I agree with what your excellency has said regarding the impossibility of designating public revenues. This is one of the classic principles of public finance--a principle that, in any case, may have been gradually challenged over the years. The second point is that the investment rate in Jordan, be it private or public investment, is high compared with all other countries, developing or advanced. But the question that may be raised here is: Can revenues from the bonds not be set aside to finance certain vital projects that are directly beneficial to the citizens, thus encouraging them to purchase more development bonds?

/Answer/ Financially, I find absolutely no practical advantage in the designation /al-takhsis/ process. Rather, it complicates the state's affairs. The fact is that the Jordanian Government's budget still relies, as you know, on foreign aid to a large extent. This aid fluctuates from year to year. Our intrinsic revenues are still below the state's current spending. Yet, the recently issued law governing the mutual-loan bonds embodies the concept of borrowing to finance a specific project, but according to the no-usury system (i.e., on the basis of participation in profits and not of a set interest rate). I conclude by saying that our intrinsic revenues, including the revenues of internal borrowing, are not enough to meet current expenses. If we employ the system of designation, we will face practical difficulties because when we tie the yield of local borrowing directly to development spending, we leave current spending at the mercy of the fluctuations in foreign aid. In other words, we want to provide the general budget and the state's financial operation with a degree of stability so that if foreign aid is delayed or reduced for this or that reason, there will be enough internal flexibility to channel the yield of internal borrowing toward financing additional sectors so that the government continues to function normally. The gist is that designation will intensify the difficulties experienced by the treasury.

Legal Guarantee and Bonds

/Question/ Thank you; that is an adequate answer. Let us return to the basic question: Is the Central Bank thinking of changing its policy regarding government bonds and, consequently, of abolishing the guarantee for their face value in order to boost the subsidiary money market?

/Answer/ I wish to note that we have already taken two steps in this direction. The first was abolition of a legal guarantee in the bond issuance process. Perhaps you have noticed that the announcements about the development bonds issued in the past 3 years have not contained any commitment on the part of the Central Bank to purchase the bonds at their face value. This is in contrast to the past when this commitment was included in the text of the issuance decrees. Legally, the Central Bank is not obligated to purchase bonds issued in the past 3 years at their face value. Should the value of the bonds drop in the market, the Central Bank can, if necessary, repay their holders with their market value. But at the same time, we have adopted a measure that is closer to being a policy than a legal stipulation. In accordance with this measure, we have almost completely protected the face value of government bonds. What we mean is that we have sent a representative of the Central Bank to the Amman stock market and instructed him to purchase and sell surplus government bonds in a way that prevents the fluctuation of their price and preserves their face value. This system is followed by many countries in the world.

Developing Market Makers

The next step in this regard will be the introduction of some flexibility into the purchase and sale operation, allowing the bond prices to fluctuate upward or downward within 10-percent limits. The reason for this step and for committing ourselves to intervening in the market is our feeling that the process of building the money market and, consequently, of creating the institutions that can intervene in the purchase is a process that has not yet been completed. One of our goals in licensing financial companies is to create so-called market makers--the stock market makers. What we mean is the creation of institutions that intervene in the stock market, buying and selling and, consequently, creating constant demand and supply.

Abandoning Bond Protection

The second step we have actually taken was applied to the /bond/ issue that was put into circulation last month when we issued a development bond that took the form of complete liquidity between the banks and the public. The previous development bond issues had been divided into two categories: The first for individuals, saving institutions and pension funds and yielding an interest of nearly eight percent. The second category is for banks and financial companies and yields interest of 6.5 to 7 percent. This categorization into two types was in fact an obstacle in the face of developing the financial market because the banks, by virtue of the issuance

terms, were not able to purchase these bonds from individuals in the market. It is true that individuals had the right to purchase such bonds from the banks but, practically, could not do so because of the low interest rate paid for those bonds. Consequently, that categorization led to a large shortage in the liquidity generated by government bonds, weakened the bonds' value as a financial instrument and obstructed the development of their subsidiary market. In the latest issue, we avoided this problem because both categories of bonds were put into circulation at a single interest rate (8.1 percent). But we have imposed on the bonds set aside for banks and financial companies an issuance commission of .3 percent. When subscription is completed, the banks and financial companies will be able to purchase these bonds from the public at market prices.

Bond Purchase by Public

/Question/ This is good because it contains a promise to lift protection from the face value of government bonds in the near future. But this reminds me of the early pitfalls that led the Central Bank to reduce interest on the bonds purchased by the banks. I believe that the purpose was to prevent the development of inflationary financing, considering that the government's borrowing from banks is often inflationary.

/Answer/ No, this hasn't been exactly the goal. The basic goal is the following: At the time, we felt that the sale of bonds at a high interest rate while exempting their yield from income tax would generate a great demand among the banks for the purchase of the bonds and would motivate the banks to invest their surplus monies in the purchase of the bonds instead of loaning the monies to clients because the bonds' yield is higher and the guarantee is stronger. Consequently, there was the fear that the banks would shun their fundamental tasks and would turn to the purchase of bonds. This is the main fear we had, because the banks' purchase of government bonds may in fact be partially inflationary. It is a lot better for the public, rather than the banks, to purchase these bonds, considering that the banks' surplus monies are deposited in the Central Bank and are inactive anyway whereas selling the bonds to the public draws the public's savings and makes it available as liquidity to the economy. This is generally true, but don't forget that the banks with a surplus will utilize this surplus to advance loans for other purposes. Consequently, the economy's liquidity will be enhanced in both cases, meaning that I hope that people will not think that the difference that inflationary borrowing makes is a big difference. It is a small difference. If we assume that a bank has a surplus of 1 million dinars in the Central Bank and that it uses this surplus to purchase development bonds when issued, then the economy's liquidity will increase by this sum. But if the bonds are not available, then the bank will inevitably use the surplus in other spheres, especially for lending. Consequently, the liquidity will rise, but not by the same degree. However, I hope it will not be thought that the process is necessarily and constantly inflationary.

Current Events and Amman's Financial Position

/Question/ Thank you, doctor. I find that the discussion is leading us to far horizons and does not permit us to deal with each topic independently until we exhaust it. Therefore, permit me to return to the outset of this interview and to an issue that is disturbing all of us, whether rightly or wrongly, namely, the issue of the influence of current events in the area and of any likely events on Amman as a financial center.

/Answer/ In fact, the point I referred to at the outset of this interview, namely, that we did not intend Amman to become an international financial center, makes many of the expectations absolutely groundless. From the outset, we realized that expanding the market more than it should be expanded would expose the Amman financial market to much greater foreign influence than it could withstand. Our awareness of the fluctuations in the area's policy and events made us stick to the goal of making Amman a financial center for Jordan primarily and of then attracting to this center Arab monies so that it could be a capital importing, rather than exporting, market and thus act as a middleman between the Arab and expatriate Jordanian investor on the one hand and development projects at home on the other hand.

/Question/ We can say in summary that the Amman financial market is immunized, by virtue of the nature of its structure and goals, against the influence of external events. Even if it is affected, the influence will be for a short period, after which the market can stand on its feet and continue its advance.

/Answer/ This, in fact, is what distinguishes the Amman financial market from the other financial markets emerging in this area, such as the Bahrain market or the Kuwait market, which are capital exporting markets. This is also what distinguishes us from the market that was popular in Beirut--and we hope that fraternal Lebanon will regain its ability to revive and perpetuate this market. These markets have strong external connections and are likely to be influenced strongly by changes taking place abroad.

Closing Door of Licensing Banks

/Question/ Let us return to the talk about the financial institutions requiring the presence of an advanced financial center. Naturally, banks are the most important of these institutions. I wish to ask you about the bank licensing policy currently in effect. It is said that the Central Bank has closed the door to the licensing of new banks.

Does this constitute a permanent feature of Jordan's currency policy?

/Answer/ No, this is not a permanent feature. The fact is that this policy is based on studies prepared in recent years. The door was closed to the licensing of new banks more than 3 years ago. The truth is that we feel that we have in the country a sufficient number of banks. Moreover, it is our conviction that the issue is not one of number but of the volume of banking services, of their quality and their compatibility with the country's needs.

We forget that there are countries that are much bigger than Jordan but which survive on several banks. What is important is that we feel that the banking apparatus offers adequate services and keeps up pace with the country's development process. At the same time, the Central Bank is laying the foundations of a new and parallel policy seeking to bolster the capital of the banks operating in the country. In this respect, the minimal capital of a bank was raised to 2 million dinars by the end of 1981 in accordance with decisions made by the Central Bank's Board of Directors and approved by the Council of Ministers. The fact is that some of the recently established banks were founded on the basis of a higher capital than in the past. The capital of most of these banks ranges from 4 to 5 million dinars.

On the other hand, we pursue a policy that is well-known to the banks, insisting that the banks distribute reasonable profits /to the shareholders/ so that adequate sums are added to the reserves and to the capital account so that this account can develop constantly and be able to keep pace with the country's growing goals and with inflation itself.

We conclude by saying that the issue is one of quality and not of number. The statement that suspended licensing creates a monopoly is refuted because monopolization can take place at any level. The issue is more important than this, namely, that the banks act according to a competitive policy, and this is what is actually happening. I hope the banks will grow and perform their tasks. Perhaps you have noticed that states have recently resorted to establishing banks with very large capital. This is the prevalent tendency at present. But even the Arab banks founded recently with enormous capital have not taken a place in the list of the top 500 international banks. Our goal is to enhance the standard of each bank, not to increase the number of banks.

Bank Branches

/Question/ I believe that this is a sound policy and that nobody objects to it. But when the talk turns to licensing the opening of new branches of existing banks, we hear objections and questions concerning the branching of foreign banks. Naturally, we have licensed the foreign banks to operate in Jordan on the strength of certain considerations and goals that must have been sound at the time, though they may not be so at present. These banks are not allowed to branch out, not even within the city of Amman, even though purely technical justifications have developed. An example is found in the foreign banks that opened their main offices in the center of Amman where the clients find them difficult to reach because of problems of transportation. These banks are not allowed to open a single additional branch outside the center of the capital.

/Answer/ This restriction is actually due to numerous considerations, the first being the fact that Amman has gotten more than its fair share of the total number of bank branches, considering that it contains nearly 70 percent of these branches. This means that the rush to open banks in Amman to the exclusion of other areas is an unstudied and unprogrammed rush. We want to see the banks expand in the areas where banking services have not yet

reached. The banks you have referred to insist on opening new branches in Amman. Our position on the opening of new branches in Amman is not confined to the foreign banks but is a general position directed in particular at the foreign banks because we believe that they refuse completely to branch out beyond Amman.

8494

CSO: 4404/19

FRENCH TO BUILD BRIDGE TO BUBIYAN ISLAND

Paris LE MATIN in French 20 Oct 82 p 9

[Article by Jean-Gabriel Fredet: "Bouygues in the Land of the Thousand and One Nights"]

[Text] How does one get a foot in the door of a country where competition is the rule of the day and where all is fair? "By providing quality and being on schedule," says Bouygues, a company about to finish a monumental bridge linking Kuwait with the island of Bubiyan five months ahead of time. The project will cost 280 million francs, but Bouygues does not stand to make much profit. Nevertheless, it will leave a reputable calling card in a country where over 10 billion francs worth of contracts will be awarded in the coming year. It is a stiff challenge for Francis Bouygues' firm, now trying, and fairly successfully, to get a foothold in the United States by buying a company in a sector that will give it a base from which to work.

Sand and rock stretch as far as the eye can see, with a view of the cyclopean arch linking it with the coast: The island of Bubiyan looks nothing like an oasis. Sand eels, reptiles and passing storks are the only occupants. The ground is spongy, vegetation nonexistent and the sun murderous. Mingling with the Arabian Gulf a few kilometers to the north, the alluvium of Chott al Arab turn the sea grey and muddy. The landscape appears to be the end of the earth.

But in Kuwait, money is not a factor and Shaykh Al Sabah did not haggle two years ago when he decided to win back and tame this lunar countryside. His reasons? Linked to the continent by a bridge, Bubiyan would expand the area of his territory by one-eighth. When developed, the island would be the site of a new city, a model fish breeding operation, and it would probably also be an ultramodern naval base from which to counter the expansionistic appetites of Iraq, that powerful neighbor. It would be an enormous, superhuman undertaking, on a par with the countries of the Gulf and the enterprises working for them.

The choice of the French firm Bouygues to head up these new Herculean tasks might be surprising in a country marked by Anglo-Saxon influence and where the Korean firms are carving out a choice position. "It results from the technical solutions we have proposed," explains Albert Bernardo, director of the Bubiyan project. "The Highway Department of Kuwait and its American

advisers were attracted by the use of prefabrication and construction methods saving 20 percent concrete and 35 percent steel. Just think: Once in full swing, our system allows us to build a 40-meter span a day, 8,000 square meters of roadway!"

But to penetrate this coveted market that pays in hard currency to the last cent, one has to stick to one's prices. It is a difficult challenge for Bouygues, which bet heavily on foreign labor. "On our Iraqi projects, we were fascinated by the quality of the Chinese. Their way of 'making haste slowly' is terribly effective. We therefore went to Beijing and asked the China Road and Bridge Corporation (CRBCO) to supply us with a crew made up of 320 workers and its own foremen. French expatriate personnel must immediately be limited to about 20 persons and our labor costs become competitive. But please note that this is cooperation," says Roger Martin, Bouygues director of international affairs. "Our Chinese workers are not merely laborers. They will also learn new techniques and equipment which they do not have in their country." At 1 Kuwaiti dinar an hour (22 French francs), the method pays off. On the Bubiyan project, labor costs make up 65 percent of all costs.

There remains the schedule and here, organization is decisive. The Bouygues system, making heavy use of computers, comes into full play. Linked by a whole battery of Telex, terminals and satellite telephone lines with the Clamart computer center, technicians on the Bubiyan site will be able to test their geometrical measurements.

Some 8,000 kilometers from Kuwait, the Bubiyan antenna will also have daily control of project management, making adjustments when necessary. This is local control in the extreme: Scattered throughout the project site, television cameras will provide continuous surveillance of work. Even better, housed in a small container right on the sand, a minicomputer will instantly be able to show the daily cost of operating any equipment or workshop. All the ingredients needed for rational -- and thrifty -- operation are present.

The result: Work is proceeding full speed ahead. The contract was signed in May 1981 and work began in July. The last voussoir is to go into place next month, five months ahead of schedule. The bridge itself will have been built in nine months, an absolute record and a fine calling card in a region in which delays are commonplace.

The Bouygues engineers definitely intend to make use of it in future contract negotiations and in Kuwait, first of all, where six major projects (highway, airport, peripheral roads, port, towers) are to be undertaken in the next year. The longest bridge in the world, linking Bahrein to the Arabian Peninsula, was only recently awarded to a Dutch firm. Backed by its Bubiyan references, Bouygues does not intend to stand idly by, not for construction of the Swaickm bridge-viaduct or the more ambitious Abu Dhabi project. "There are at least 30 bridges to be built in the Gulf," Roger Martin states pensively.

POSSIBILITY OF ECONOMY'S RECOVERY FROM WAR DAMAGE VIEWED AS BLEAK

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 40, Aug-Sep 82 pp 24-25

/Article: "Lebanese Economy in War; Relaxation Waiting for Future To Become Clear and for Occupation To Disappear"/

/Text/ What is the reality of the Lebanese economy 3 months or more after the Israeli invasion of nearly one-half of Lebanese territory? What is the volume of the direct and indirect losses resulting from the military operations and what are the expected effects of continued occupation for a prolonged period of time?

With the completion of the first phase of solving the Lebanese crisis (the departure of the Palestinian fighters from Beirut), it doesn't seem that real relaxation will develop at the economic level. This relaxation will not develop before the country's future becomes clear and, at least, before withdrawal of the armies is completed so that the state and the people may again turn their attention to their affairs with a degree of confidence in the future.

If the first phase of the solution, which is probably the easiest, has taken 3 months, then how long will completion of the other phases take and can the exhausted Lebanese economy wait? This question is now urgently addressed to those working to solve the Lebanese crisis and those promising a united and independent Lebanon with sovereignty over all its territory. The source of this urgency is the fact that the existing situation is deteriorating each day and what may be right to say today may not be right to say tomorrow. The Lebanese economy, drained for 8 years, is now facing a danger unlike previous dangers. Israel, by its nature, is an expert in creating facts and is best equipped to implement its schemes rapidly on the ground. If it was evident before the invasion that Israel has definite plans and ambitions in Lebanon, then the daily actions of the occupation authorities in the south and other parts intensify the suspicions and the fears.

The Lebanese economy may not be able this time to adapt to and to circumvent the new and serious challenges of the occupation as it was able to do throughout the 7 years of war and security troubles.

Fears

The fears among businessmen in the various sectors are growing daily. They are fears which see the official authorities as incapable of making any movement or demanding any solution because the homeland's concern is paramount and because the state has been robbed of whatever authority and capabilities remained in its hands. Any simple economic demand, such as a cease-fire demand, requires the intervention of U.S. Envoy Philip Habib to mediate with the occupation authorities. The fears of businessmen over the various possibilities are categorized as follows:

First, the long duration of the crisis and the accompanying daily losses may collapse the economy, thus rendering any future solution ineffective. This fear emanates from the continued and almost complete halt in production.

Second, Israel is attempting economic normalization in all spheres in a studied and planned manner.

Industry Is Biggest Loser

Perhaps industry has always been the sphere most deeply affected because its activity is not carried out in a single closed site. Industry relies on a chain of operations, beginning with supplying the raw material and ending with marketing the manufactured commodity at home and abroad. This fundamentally faltering operation has almost come to a complete halt as a result of the occupation which has cut off the arteries and the extremities and which has set up barriers between the provinces and the market. It has also destroyed, and at times confiscated, the establishments, as has happened in al-Mukallas, for example.

The industries located in the areas which were the theaters of battle, such as the southern suburb of Beirut and the strip extending from al-Na'imah in the south to al-Hadath in the north, have come to a halt either as a result of sustaining direct damage or because of the blockage of roads which obstructs exportation and the arrival of workers and raw materials, and because of power outages and the impossibility of acquiring fuel. The industrial establishments are still facing numerous problems, the most evident of which are:

1. The inability to import raw materials through the ports because of the numerous risks involved.
2. The power outage since the start of the invasion and its restoration in a sporadic and rationed manner.
3. The bottleneck developing in fuels as a result of the stoppage of the Zaharani refinery due to the occupation and the nearly complete stoppage of the Tripoli refinery because of technical breakdowns, all of which has dictated direct importation from Syria.

4. Irregular labor because of security, eviction and moving away to sites far from the work centers.
5. Low sales as a result of reduced production and the prolonged impossibility of exporting goods, in addition to a recession in the local market and consumption being confined to food and essentials.
6. The emergence of a stifling liquidity crisis in the business establishments for the above-mentioned reasons. The crisis has reached such a degree that the establishments do not have enough cash to pay wages and salaries, and are thus compelled to give workers annual leaves and to stop payment altogether in many establishments.

Trade

The trade sector has also been affected. With the closure of the ports and airport, importation has become confined to quickly consumed foodstuffs that do not require long storage periods.

Banks

The banking sector has also seemed to be exhausted recently and has lost a large degree of the flexibility and adaptability which it was characterized by in the past. Banking activity has been confined to withdrawals and deposits whereas activity pertaining to importation, exportation and new loans has come to an almost complete stop, with the exception of financing some foodstuff imports. It is evident that the banks' profit margin has declined considerably as a result of two things:

First, halted loan activity and, consequently, the loss of a basic source of profit coming from interest.

Second, faltering settlement of accounts and large losses incurred at times by the banks as a result of their inability to re-invest their deposits abroad upon maturation because of the difficulty of telecommunication services and their sporadic nature.

Four Billion Lebanese Pounds in Direct Losses

Third, it is premature to discuss the large losses incurred by many bank clients because these losses ultimately flow back to the banks, especially if the situation reaches the point of bankruptcy.

Despite this, the banking sector is still displaying noteworthy resistance because of its capability and it can be said that the banking structure is still sound despite everything because the banking system has refused so far to resort to any special measures--a refusal which has bolstered confidence in the banks and protected them from collapsing. But to what extent can the banking sector withstand this situation, considering that it is a sector which, in practice, survives on the activities of the other sectors?

Development in Pound Exchange Rate

The Lebanese pound has registered clear signs of weakness as demonstrated in the pound's constant decline vis-a-vis the dollar at a time when most currencies have begun to gain strength against the dollar. The pound's rate of decline was nearly 0.2 percent in July.

But despite the serious events being experienced by Lebanon--events extremely different from previous ones--the decline in the pound's exchange rate has been satisfactory and acceptable because of the following considerations:

1. The lack of a normal market for currency exchange.
2. The lack of commercial or personal demand.
3. The lack of remittances exceeding the normal reserves because most of the remittances had been made basically before the events.
4. The presence of a positive psychological influence wagering on the possibility of putting an end to the country's tragedy.

Tourism

Regarding tourism, the Israeli invasion has brought nothing new concerning tourism, for foreign tourists have refrained from visiting Lebanon for years. However, the invasion has destroyed any tourist establishments which were operating in West Beirut where most of the hotels are located. The invasion has led to the destruction of the Summerland and the Coral Beach Hotels and the swimming beaches, restaurants and hotels of the al-Rawshah area. The establishments that survived the shelling, consisting of a few establishments on al-Hamra' Street, have not been able to continue to offer their services. The tourism structure in West Beirut, in the south and in most parts of Mount Lebanon has been destroyed and needs large sums of money to be revived.

Agriculture

As for the agricultural sector, which was weak to start with, it has been hit in the heart. The invasion coincided with the start of the season for most of the summer fruits and with the period when the apply crop, which is the most important crop, requires essential care. The tense military situation engulfing the Biqa' from the west to the east has prevented the needed irrigation and care for the crops, thus causing some of the crops to be damaged and fruit trees and vegetable crops to be ruined. Nobody knows what the fate of the imminent apple season will be. Moreover, agriculture is now bearing the main brunt of the invasion of Israeli agricultural products.

Transportation and Services

Included in this sphere are the foreign transport establishments whose work is tied to the port activity and to export and re-export traffic, as well as Middle East Airlines whose traffic from Beirut has come to a complete halt. The airline has been incurring daily losses of 1.5 million Lebanese pounds and was recently compelled to operate through the Larnaca and Damascus airports.

Losses

It is not at all easy to determine the volume of the direct and indirect losses suffered by all facilities and sectors of the Lebanese economy due to the absence of the official agencies. It has been impossible to make a count of the fatalities, let alone the damages. The Beirut Chamber / of Commerce / has begun to make preparations for a survey of the damages. But the outcome of such an effort will not appear shortly, considering the difficulty of implementation. However, this does not preclude making an estimate, even if only an initial estimate, relying on the gross national product figure which has been assessed recently at 16 billion Lebanese pounds in current prices. If this figure is correct, then it is possible to estimate the economic loss in 3 months at nearly 4 billion pounds. This loss does not of course include the direct damage caused to the economic and civilian installations, the public utilities, such as the airport, the port and the roads, and to a number of public establishments. The destroyed buildings in Beirut, Sidon and Tyre alone constitute a loss estimated at several billion pounds. It is enough to point out that the coastal belt encircling the capital from the port to the Bain Militaire, al-Rawshah, al-Ramlah al-Bayda', al-Mazra'ah Corniche and to the museum has witnessed the total or partial destruction of thousands of buildings, not to mention the other quarters in Ra's al-Nab', Muhammad al-Hut, Mar Ilyas, Burj Abi-Haydar and the southern suburb. Perhaps the housing problem which Lebanon will face is the most complex, whether in regard to repairing damaged buildings or in terms of relocating the Palestinian residents whose camps have been destroyed and who have taken up residence in the office buildings in al-Hamra'. If the construction plan prepared by the Development and Construction Board in 1979 showed Lebanon's need for 20 billion pounds, then there is no doubt that the Israeli war has at least doubled this figure.

8494

CSO: 4404/14

MAURITANIA

BRIEFS

FAMINE THREAT--The Mauritanian Minister of Rural Development, Mr Mohamed Ould Amar, announced on Tuesday, 2 November 1982, that Mauritania will face an acute food shortage in the next 12 months and appealed to the international community for "urgent aid." Mr Ould Amar has in effect indicated that the Mauritanian agricultural production will at best not exceed 20,000 tons versus 78,000 tons in 1981. The minister added, "Therefore, Mauritania will need 114,000 tons of cereals, 17,500 tons of milk, and 9,000 tons of butter to meet its population's needs." The minister attributed this situation to the late arrival of the winter season and the lack and irregularity of the rain. [Text] [Paris LE MONDE in French 4 Nov 82 p 4]

CSG: 4519/59

PREPARATIONS FOR POST-OIL SOCIETY DISCUSSED

Development Plans Outlined

Manama AL-'AHD in Arabic No 386, 31 Aug 82 pp 21-23

[Interview with His Excellency al-Shaykh 'Abd-al-'Aziz ibn Khalifah Aal Thani, Minister of Finance and Petroleum]

[Text] I still recall the statement that was made by His Excellency al-Shaykh Khalifah ibn Hamad Aal Thani, the prince of Qatar.

"I will spare no effort or time, [not even] a second, in building the post-oil society. Like other countries of the world, Qatar cannot develop unless it has a stable economy."

Thus, our interview with the minister began with the instructions of the dearly beloved prince of the land. The minister said, "Foremost among the objectives set by the prince, may God grant him safety, was the need to plan for alternative sources of energy. These alternative sources will not be found unless an industrial base that can stand up to universal changes is built. Hence came the decision to complete the industrial base in the city of Umm Sa'id. This city is not only an outlet for the oil that comes through the pipeline from the northern area of Dukhan to the coastal areas where the water is deep enough to allow supertankers to load the oil on board, but it has also become a base for iron and steel plants, fertilizer plants and petrochemical plants. The city construction, cultural and housing activity is commensurate with the features of an industrial city that is now turning toward heavy, light and average industries that are economically feasible and that meet the needs of citizens."

Along the ports of Umm Sa'id (4.6 kilometers) the first pier was inaugurated in 1976. The last pier was completed in January 1978. The port was expanded a second time in 1981. Citizens of Qatar who have been interested in building ships which they sailed to go out in search of the pearls that lay inside oyster shells in the depths of the Gulf, are now fond of machines, of the smoke that factories emit and of charting their lives according to the age."

[Question] Why Umm Sa'id?

[Answer] The choice of Umm Sa'id was not arbitrary. The choice was made in the light of studies conducted by the Technical Center for Industrial Development.

These studies confirmed the importance and suitability of Umm Sa'id. Umm Sa'id was also chosen because the waters off the shore are deep and have few rocks. Besides, dredging machines may be used to deepen the coastal areas along the strip where the heavy industrial sites are located.

[Question] What are the first projects there?

[Answer] What was it that struck you first?

[Question] The iron and steel plant.

The minister smiled a dignified smile that illustrated his satisfaction and happiness. Then he said, "Yes, with God's help we dedicated the plant in 1978 on an area of land that is 670,000 square meters. We expanded the plant by adding 75,000 [square] meters, and there are still other areas that have been set aside for expansion. These areas amount to 375,000 square meters."

[Question] What about costs?

[Answer] The plant cost 1 million Qatari riyals. It is the first technologically integrated plant in the Gulf area and in the Middle East. This plant produces now 479,000 tons of iron bars annually.

[Question] This plant then has made Qatar the third Arab country, after Egypt and Algeria, to have industry and to utilize the most modern steel plants in the world. These plants rely on direct reduction.

His Excellency chuckled cheerfully and said, "Then you did visit the plant before the interview. Consideration was given to the fact that the plant's production would be for the benefit of the market of neighboring Gulf countries and the needs of the local market. In the future surplus production would go to the world market because the growth of demand made us think of increasing productivity.

[Question] Is the company now owned entirely by Qatar?

[Answer] At first, in 1973, the idea was considered. In 1974 the Qatar Company for Iron and Steel (QASCO) was founded. The government contributed 75 percent, and two Japanese companies, Kobi Steel and Tokyo Boki contributed 25 percent.

[Question] How many basic units?

[Answer] There are five basic units: the raw material receiving unit, the direct reduction unit, the electrical furnaces smelting unit, the continuous casting unit and the rolling unit. Besides, two piers in Port Umm Sa'id are designated for receiving raw materials, including highly concentrated iron ore and for exporting the goods produced by the plant. These two piers will be used after they are furnished with modern loading and unloading equipment. Besides, there are expansions. Of course the plant was designed so that natural gas would be used instead of coal in the iron ore reduction process and in the process of generating the necessary electricity for smelting the iron. For this reason the natural gas pipeline was laid from Dukhan field to the plant so that machines at that plant can be operated, affirming the fact that industrialization here is

becoming a strong supplement for and a basic alternative to the resources of the land which are depletable no matter how long-lived and plentiful they may be.

His Excellency actually found me quite satisfied with his replies. He offered me coffee, allowing me the time to catch my breath [so to speak] and to grasp all these statistics, promising reports and figures that were in front of us. But I was eager to go on, and I asked His Excellency al-Shaykh 'Abd-al-'Aziz ibn Khalifah Aal Thani, the minister of oil, "What about the fertilizer industry?"

[Answer] When you visited the area what you saw in front of you was the industrial park that was built by the Qatar Company for Chemical Fertilizers. This park consists of two plants. The first plant was built in 1973 with a production capacity of 900 tons of ammonia per day. Only 600 tons [of this ammonia] were used to produce 1,000 tons of urea fertilizer a day. The rest was stored in a special tank until it was exported."

[Question] But I saw two plants.

[Answer] Yes, because demand for production was growing and because the dearly beloved prince of the land ordered it, we built a new plant beside that one. The new plant is similar to the first one and has the same production capacity; it began producing in 1979. The expansion that occurred in the fertilizer industrial park included the construction of two water desalination units and two power units to provide necessary power. The project has its own shipping port also, and it can receive ships whose capacity is 40,000 metric tons. Also the natural gas that comes to this plant from the oil fields in Dukhan provides the raw material necessary for production.

A satisfied smile returned to his highness's radiant face, and he calmly informed us of the news.

His Highness said, "I would like to inform you that the instructions we received from His Highness, the prince of the land, were to conduct studies to expand in this area after the new natural gas fields are discovered. We are to conduct studies to build a similar plant in 1 year so that the rate of production next year would be 1 million tons of ammonia per day. [In the past] ammonia production was not more than 120,000 tons per day. Our production of urea is also to increase to 100 tons; in 1974 urea production was not more than 69 tons a day.

"As you know, ammonia is used as a primary material in the production of various grades of chemicals that are used in manufacturing chemical fertilizers. Urea, however, is a highly efficient fertilizer that contains 26.3 percent nitrogen. Because organic fertilizers are not less important than chemical fertilizers, we visited the first plant of its kind in the area that manufactures organic fertilizers from garbage. This plant is operated under the supervision of the Ministry of Municipal Affairs and the Technical Center for Industrial Development. Operations at the plant began in 1977 with a production capacity of 80 tons of fertilizer. That capacity is now 90 tons."

His Highness said, "This is a journey that we cherish. Ever since it began with instructions from His Highness the prince of the land, when the project came into being in 1974 with the cooperation of international Norwegian and British companies, [this project was designated to serve] a densely populated area east of

the Suez Canal and also other regions in Asia. We use sea water in the plant for cooling purposes, and water is desalinated in the plant so it can be used for drinking. We send citizens of Qatar to Norway to receive training in technical and administrative operations."

His Highness saw that I had come to the oil refinery. I was checking my notes and examining every figure. His Highness, however, knew these figures by heart because in his mind they were part of his nation's ambitions, and he was charged with the task of achieving them. I was reading from my notes, but His Highness, may God protect him, was correcting me from memory.

The first refinery was built in the city in 1953; its production capacity is about 6,000 barrels a day. The second refinery operates at a capacity of about 10,000 barrels [a day]. The third refinery, which is about to be completed, has been set to have a production capacity of 50,000 barrels a day. It will begin commercial production in 1983. Every expected increase in local consumption until 1955 will be covered by locally produced oil. In the early years of operations, surplus production will be exported. An asphalt production plant, whose construction is about to be completed this year, will be attached to that refinery.

The Largest Petrochemical Complex in the Arab Homeland

If you visit the site of the industrial zone in Umm Sa'id, you will be astonished just as the old tourist was when he stood in front of the Sphinx in profound cultural awe. This is because you will realize, just as I did, the importance of this project that was established in 1979 with 2.5 billion Qatari riyals in capital. You will notice that operations at the petrochemical complex are being carried out on the basis of utilizing the accompanying gas which is supplied by the gas liquefaction plant in Umm Sa'id. The complex includes three principal units. The most important one is the ethylene production unit, which produces 320,000 tons of ethylene annually. The low-density polyethylene production unit has an annual production capacity of 160,000 tons. The sulphur production unit operates at a production capacity of 56,000 tons a year. In addition, it produces 5,000 tons of propane.

It is known that Qatar is France's partner in a petrochemical plant that was built in the French town of Dunkirk. That plant began production in 1979, and operations began with a capital of over 1.3 billion French francs. Production capacity at this plant is 450,000 tons a year of ethylene and 300,000 tons of naphtha and gas oil.

At this point His Highness interjected [the following] in the conversation:

"Did you also go from the complex to the natural gas liquefaction project that was dedicated last February by His Highness al-Shaykh Khalifah ibn Hamad Aal Thani, may God prolong his life? This plant is considered a significant economic step in utilizing this tremendous resource. It is estimated that the plant's daily production is over 1.3 billion cubic feet of unaccompanied gas. This is in addition to the accompanying gas that is produced, which is estimated to be 1,000 cubic feet for every barrel of oil produced. Total costs for this project amounted to 1.9 billion Qatari riyals after the recent improvements. This plant includes two units: the first one is used for extracting dense gases from the

accompanying gases that are produced from Dukhan field. Its daily production capacity is about 1,200 metric tons of (Paramethadione?); 750 tons of butane; 450 tons of natural gasoline; 24 million cubic feet of ethane enriched gas; and 140 million tons of methane enriched gas. The second unit of the project extracts dense gases from accompanying gases that are produced from the three off-shore oil fields. These are al-'Add al-Sharqi, Maydan Mahzam and Bulhin. Production capacity [of that unit] amounts to 1,100 tons of (Paramethadione?); 900 tons of butane; and 900 tons of natural gasoline. In addition to all this, both units of the plant produce 28 million cubic feet of ethane enriched gas and 110 million feet of methane enriched gas."

The minister went on to add, "It is known that the importance of natural gas liquefaction operations stems from the concern that exists for avoiding the wasteful burning of natural gas in fires that are scattered throughout the desert. Instead of having these fires consume a tremendous resource, natural gas will become the most suitable and the cheapest of raw materials for the petrochemical industry. In addition, it will become a growing source of energy."

The minister realized that although our discussion was quite fascinating, with its promises of welfare that would delight people's hearts, and although our conversation affirmed my deep-felt admiration for the success of these projects and for the fact that they were built on sound economic principles, this conversation should not be terminated at the end of one meeting. Every Arab--whether or not he is from the Gulf--will be astonished by the cultural achievement that was accomplished in under 10 years. Like me, he will be unable to grasp the figures about what had taken place. The minister felt that our conversation should continue because he is one of those who creates hope. He is a loyal soldier, doing his duty in building, construction, welfare and growth. He is a skillful craftsman, shaping prosperity, abundance and a future society according to the instructions of the protector of the Qatari state. He is the father who never stops thinking about the future of his dearest children, the citizens of Qatar. He thinks about the future of the entire Arab nation, and, in fact, he spares no effort in patiently and deliberately following up on everything that is new in this regard.

The conversation with His Excellency al-Shaykh 'Abd-al-'Aziz ibn Khalifah Aal Thani, the minister of finance and petroleum will not end soon. We still have many good news for the future.

Report on Budget

Ministry AL-'AHD in Arabic No 387, 7 Sep 82 pp 20-22

Text: Officials find out about the ambitions officials have for the future by looking into draft budgets that are prepared in each country's ministries of finance and the treasury. Figures in those draft budgets confirm the determination of those officials to effect true progress in the country, to continue offering more services to the people and to achieve a larger measure of prosperity by increasing spending in the various areas of development. Therefore, observers always compare these drafts with the budgets that are issued by ministries to find out what the ratio between expected and actual increases in appropriations and total spending is and what has been allocated to them in the budget.

Therefore we thought we would look into the papers of one of the most important ministries, the ministry of services, and that we would stay away from the papers of ministries that are called sovereign ministries. In our opinion this ministry is the Ministry of Finance and Petroleum. In the previous report, our attention was devoted to the second part [of that ministry], which is petroleum. This report will be devoted to the first part, which has to do with the state's financial policies. These include a general spending plan, funding methods and investment programs. [This report] also reviews all draft budgets in each ministry; it monitors the implementation of those budgets, and then it prepares the financial statement for the state. This statement will not be available for our consideration at the present time, but as we said, by looking into the present budget for the 1402 Hegira year and the draft budget for the 1403 Hegira year, we will see that the state's financial policy has sought to achieve two basic objectives.

First, the state wants to double development appropriations to improve the national economy and expedite the process of diversifying the sources of revenue. We find that among total budget allocations, the sum of 6.834 billion Qatari riyals was allocated [for that purpose]. If last year's budget was 5.917 billion riyals, that is, an increase of 917 million riyals over the budget for 1401 Hegira; it is an increase of 18 percent. This is in addition to appropriations that were made to finance the needs of industrial projects as well as projects for developing petroleum resources in the country. Total allocations earmarked for 1981 were 8.955 billion riyals, compared with 7.364 billion for the preceding year. This year allocations are in excess of 9.987 billion riyals. It is evident that these figures reflect the state's strong and growing interest in pushing the wheel of development forward and meeting the needs of all economic and social activities.

Second, the state wants to invest petroleum returns which cannot be used by the state in the international financial market in a manner that would insulate those funds from monetary chaos and ensure an acceptable return on investment.

1. Includes extracting crude oil and utilizing natural gas.
2. Includes mortgage loans for housing.
3. Includes water desalination, power generation and sewage operations.
4. Includes development of seaports and airports, construction of roads and expansion of telecommunications.
5. Includes cultural, informational, recreational, sports and tourist projects as well as projects for municipalities, markets and construction for urban improvement.
6. Includes security, defense and land ownership projects.

In preparing the budget for the year 1401 Hegira, as His Excellency the minister of finance and petroleum said in his budget statement, principal policies and objectives were taken into account. These are manifested in the following:

First, development in the comprehensive sense. This would cover all economic and

social activities; the development process in these areas is to take place in a coordinated and consistent fashion.

Second, prosperity by achieving economic and social stability for the state and for citizens. This can come about by having the state's general financial policy implemented in a scientific manner that is based on rates, modes and economic and financial indicators that are consistent with reality.

Third, material and human resources are to be directed toward the achievement of the largest possible measure of power for the state. Below is a schedule of appropriations from the 1401 Hegira budget for the principal development project in light of the principles explained in the budget statement. [Translator's note: the schedule is not included in the article in Arabic.]

1. Includes extracting crude oil and utilizing natural gas.
2. Includes mortgage loans for housing.
3. Includes water desalination, power generation and sewage operations.
4. Includes development of seaports and airports, construction of roads and expansion of telecommunications.
5. Includes cultural, informational, recreational, sports and tourist projects as well as projects for municipalities, markets and construction for building improvement.
6. Includes security, defense and land ownership projects.

The Balance of Payments

The 1980 report of the Currency Institute of Qatar indicates that despite the fact that accurate statistics have not been gathered about Qatar's balance of payments, estimates for the balance of payments have nevertheless been made on the basis of information available for 1975, 1976, 1977, 1978, 1979 and 1980.

This information is as follows:

Domestic Investments

Official figures for domestic investments in Qatar since 1975 in the commercial and industrial sectors, including the petroleum sector, amounted to 4,189,500,000 qatari riyals.

Qatar does not have a financial stock and currency market in the well-known sense of the term, even though there are 14 joint-stock companies in the country whose shares can be purchased through banks. These companies are:

- The National Qatar Company for Shipping and Transport, Limited
- The Qatar Insurance Company
- The Qatar National Company for Manufacturing Cement

- The National Bank of Qatar
- The Flour Mills Company of Qatar
- The Qatar Fertilizer Company (QAFCO)
- The Qatar National Company for Films and Film Distribution
- The Qatar Gas Company, Limited
- The Qatar Iron and Steel Company, Limited (QASCO)
- The Qatar Petrochemicals Company, Limited
- The Commercial Bank of Qatar
- Al-Dawhah Bank, Limited
- Al-Khalij Insurance Company

The Currency Institute of Qatar

The Currency Institute of Qatar was established in 1973 A.D. with a capital of 10 million Qatari riyals. The institute was to undertake basic functions to cover currency activity. This includes issuing currency, circulation, withdrawing currency and preserving the stable value of that currency inside the country and abroad. The institute was also to establish a sound banking, financial, insurance and currency system that would contribute to the development of the national economy.

The institute maintains reserve assets abroad equal to the value of currency in circulation. The institute also has the necessary authority to enable it to conduct financial policy. It can do that by determining the reserve requirements of commercial banks; setting interest rates, conditions of payment and loans; and finally, auditing the accounts of commercial banks.

Currency

The charter of the institute states that the monetary unit is the Qatari riyal, which has 100 dirhams. The institute issues the following categories of paper currency:

--1 riyal; 5 riyals; 10 riyals; 50 riyals; 100 riyals; and 500 riyals.

The institute also issues the following coins: 1 dirham; 5 dirhams; 10 dirhams; 25 dirhams; and 50 dirhams.

The value of the Qatari riyal is tied to the private right to draw funds. The value of the riyal may go up or down, with the fluctuation limited to 7.25 percent of par rate of exchange which is 4.7619 Qatari riyals for every single private right to draw funds.

Currency in Circulation

The amount of currency in circulation on 31 December 1980 A.D. was about 885 million Qatari riyals: 882.7 million riyals were paper currency; that is 99.7 percent of the total currency in circulation.

The two following tables indicate the value of currency in circulation--paper and coins--in the past 5 years. The tables also indicate the categories and volume of paper currency in circulation during the same period. [Translator's note: the two tables are not included in the article in Arabic.]

Commercial Banks Operating in Qatar

The number of banks operating in Qatar amounted to 13 banks. Three of them are national banks: they are the National Bank of Qatar, the National Commercial Bank and al-Dawhah Bank. Three of the banks are Arab: they are the Arab Bank, Limited; al-Mashriq Bank; and the Bank of Oman. There are seven foreign banks: Grindley's Bank, Limited; Chartered Bank; the British Bank for the Middle East; City Bank; The Bank of Paris and (Biba); the Iran Export Bank; and United Bank.

The National Bank of Qatar

The National Bank of Qatar was established in 1965 with a capital of 14 million Qatari riyals. The bank was established to stimulate the country's economic rates of growth. The capital of the bank rose several times, and by 1980 it amounted to 56 million Qatari riyals, half of which is owned by the state. The other half is owned by the private sector.

In 1980 the bank's profits amounted to 63,730,670 Qatari riyals. That was a 10 percent increase over profits realized in 1979. By the end of 1980 the bank's reserves had risen to 291.2 million Qatari riyals, while stockholders' shares that year increased by 66,500,000 Qatari riyals.

The bank covers an important part of banking operations for the country. It is responsible for the state's government housing project, and it also supervises housing for senior government officials who are Qatari citizens. The bank will undertake a project to develop and cover [funding for] light industries in the state.

The bank has seven local branches and three branches abroad. Two of these are in London, and the third is in Paris.

The Commercial Bank of Qatar

In April 1975 another Qatari bank started operations with capital that was 100 percent Qatari: 30 million Qatari riyals. Fifteen million riyals of these 30 million were shareholders' capital. The forementioned bank made an agreement with Chase Manhattan Bank to provide advice on management.

Information available to the Currency Institute of Qatar indicates that the total assets of this bank by the end of 1980 amounted to 426.6 million Qatari riyals. Total bank deposits by the same date amounted to about 256 million Qatari riyals.

Total credits offered by the forementioned bank to various economic sectors in the country amounted to about 169 million Qatari riyals.

Al-Dawhah Bank

This bank began its operations in March 1979 with 15 million Qatari riyals in capital. Data available to the Currency Institute of Qatar indicated that this bank realized extensive growth during this short period of time. The bank's total assets by the end of 1980 amounted to about 517 million Qatari riyals. Total bank deposits in the bank amounted to 456 million Qatari riyals. Total credit extended amounted to about 181 million riyals. All of this was within the same date.

The International Monetary Fund

Qatar became a member of the International Monetary Fund [IMF] and of the International Bank for Reconstruction and Development [IBRD] in September 1972. Qatar's share in the fund amounts to 66.2 million private draft units. The share of each IMF member is considered the basis for calculating that member's private draft units when new appropriations are made. On 1 January 1980, 4.2 million private draft units were designated for Qatar for the present appropriation period which ends in 1981.

The Accounting Office

The Accounting Office was established in Qatar in 1973. It is an independent agency that oversees state funds. The chief of the accounting office answers directly to His Highness, the prince.

The Accounting Office consists of departments that attend to the functions with which the office is charged.

The Accounting Office has a president, a vice president, assistants to the vice president and a sufficient number of professional employees. The necessary number of administrators and professionals are affiliated with the office. The chief of the Accounting Office is appointed by decree.

The office exercises its oversight duties after the fact. It may exercise those duties before the fact in the two following cases:

- A. Notices to bidders of 100,000 Qatari riyals or more. An agency submitting a notice to bidders may not enter into an agreement with the party that is awarded the bid without the approval of the Accounting Office.
- B. Any proposed agreement or contract that would entail upon the state financial rights or obligations, if these amount to 100,000 Qatari riyals or more.

The functions and operations assigned to the Accounting Office may be summarized as follows:

1. Represent the Accounting Office in meetings of committees that issue notices to bidders (contract work and supplies) to ascertain that all measures that must be followed in accordance with set financial rules, are observed.

2. The Accounting Office reviews the state's financial statement at the end of every fiscal year. The president of the office presents an annual report about this statement to the prince. This report is to include any observations [on the statement] and [comments on] differences between him and the agencies that come under his supervision. This report is to be submitted to the prince no more than 3 months after the Accounting Office receives the final statement from the Ministry of Finance and Petroleum.

3. The financial and accounting supervision of the Accounting Office includes all the accounts of various ministries and administrations and their affiliates which are affiliated with the Accounting Office: revenues, expenditures, assets and liabilities. The Accounting Office is to expose instances of embezzlement, negligence and financial violations. It is to look into the reasons for such incidents, and it is to investigate any failure that may have taken place in the application of internal monetary control systems that could have led to the occurrence of these incidents [or violations]. The Accounting Office is to suggest methods for remedying these cases.

4. The Accounting Office is to take inventory of money, stamps, and valuable documents.

5. The Accounting Office may investigate and review the accounts or business of any agency that does not come under its supervision by virtue of the provisions of its charter if it is specifically charged to do so by the prince. The president of the office is to present a report regarding these accounts or this business to the prince. The Accounting Office has actually been asked to review the accounts of institutions, companies and agencies that are fully owned by the state, those to which the state is a major contributor, and those which receive financial aid from the state.

6. The Accounting Office examines financial and accounting regulations to ascertain their adequacy and to call attention to any shortcomings it may find that should be avoided.

7. The Accounting Office ascertains the proper implementation of decrees issued regarding [state] employees and workers. These decrees pertain to appointments, promotions, allowances and any other benefits that are granted to employees and workers.

8. The Accounting Office reports observations and financial violations that are revealed by its examinations, reviews and audits to the agencies that are subject to its supervision. A copy of this report is to be sent to the prince, to the minister of finance and petroleum and to the authorized minister. The agencies concerned are to send the Accounting Office their replies to these observations in no more than 30 days after receiving the report.

AMERICAN INITIATIVE ANALYZED

Riyadh AL-RIYAD in Arabic 8 Sep 82 Supplement p 1

[Article by Husayn al-Shar': "A Quick Reading of President Reagan's Plan"]

[Text] It's been noticed that over the past 2 years the world has begun to have a sense of the importance of proposing ideas about the possibility of finding a solution to the Palestinian problem. Parties to Camp David have been able to obliterate the features of this problem in a manner that irritated many. Consequently, many people did not approve of this agreement, especially with regard to the general framework of autonomy it laid out for Palestinians on the West Bank and in the Gaza Strip. [Their disapproval is due to] the following reasons:

1. The Arabs disapproved because the Camp David Accords, [which were reached] on the basis of the results of the 1973 war, resulted in getting the largest Arab country out of the confrontation with Israel, and it obliterated the rights of the Palestinian people. This is contrary to all the resolutions issued by the United Nations from 1947 till 1978, when the Camp David accords were signed.
2. Europeans disapproved of the Camp David Accords because of the general framework that had to do with local administrative rule. [The Europeans found] the agreement unrealistic because it ignored the right of the Palestinian people to determine their destiny just like other people.
3. Both parts of this agreement favored Israeli aspirations to take over Egypt and to control it by means of the peace treaty that was signed recently. This peace treaty made Sinai occupied, but in a different way. The agreement puts into application Begin's plan for local administrative rule on the West Bank and in the Gaza Strip. Begin's plan is based on the fact that the West Bank and Gaza are liberated Israeli territory inhabited by Arabs. Accordingly, this autonomy deals with the population and not with the land.
4. Soviets disapproved of the Camp David Accords because the accords serve the interests of the United States and Israel and oppose the aspirations of the Palestinian people. The accords were reached without the [input of] Palestinian people. Application of these two agreements signifies the fact that Israel has legal control. Thus, all international efforts that have been made since 1947 were destroyed, and recent efforts that were made after 1974 to convene a Geneva Conference co-chaired by the United States and the Soviet Union were also

destroyed. This conference was to be supervised by the United Nations and attended by parties to the struggle, including a representative of the Palestinians or the PLO.

5. A few important countries in the Third World think that these agreements contradict international law and UN laws. They think these agreements violate the UN charter and obliterate the rights of the Palestinian people which were confined by resolutions issued by the General Assembly. The most recent such resolution was that which accepted the Palestine Liberation Organization as an observer at all UN meetings. The United Nations decided to consider this organization a national liberation movement that has the right to play a responsible role in the context of the United Nations and its committees and to explain its point of view unequivocally [in that forum].

6. Palestinians rejected the Camp David agreement for all the above reasons. In addition, this agreement dealt with the Palestinian people apart from their national leaders. The agreement dealt with the Palestinian people through Egypt, for example. Furthermore, because Israel thinks that all territory it occupied is liberated land, it is engaged in extensive and intense efforts to settle this land, stealing land and water, etc. In addition, the Palestinian national charter demands that Palestinian people have the right to return to their homes and to establish a Palestinian state where people of all religions would coexist. Towards that end Palestinians have pursued the course of armed struggle, and they play a political role that serves their ultimate objective.

Since the Palestinian Revolution and the Palestinian people have had their leaders, that is, the PLO, which is daily gaining more recognition in the world, we've seen that over the past 2 years (1980-1982) plans have been set forth to solve the crisis of the Middle East, as it is called. All these plans point away from the policies of Camp David, which were the subject of obvious consternation, bewilderment and disapproval. Although these plans have generated discussions and have been discussed on non-collective levels, a review of these plans will give us the proper perspective for discussing or rather reading President Reagan's plan. Among these plans are the following:

1. European ideas were issued by the meeting of kings and heads of state of the European Community countries in Venice, Italy in June 1980. This conference barely mentioned the national, legitimate rights of the Palestinian people. The Europeans, unfortunately, were satisfied with that despite Arab insistence that Europe play an important and irresponsible role in developing its position toward finding a just, lasting and comprehensive solution to the question of the Arab-Zionist struggle. Arabs urged Europeans to take into consideration the origin of the problem, which is the historical question of Palestine and of establishing an independent state. At the same time Yasir 'Arafat declared that he was prepared to establish his state [anywhere], even in Jericho on the shores of the Dead Sea. Although most of these countries' ministers of foreign affairs did visit the Arab countries and did hear everyone's opinion and meet with the organization's leaders, the European position remained captive [to the following]:

--The U.S. position, rejecting any statement or suggestion to meet the needs of the Palestinian people.

--The hostility between the United States and the liberation organization and its bias to Israel.

--The ambiguous British position, and the position of the Federal Republic of Germany. Germany still feels guilty about what the Germans did against the Jews.

2. The Brezhnev plan was proposed in February 1981 to reconvene the Geneva Conference which was to be attended by all the parties in the region, including the PLO, the legal representative of the Palestinian people. The conference was to discuss the problem of the struggle in the Middle East. However, this plan was not discussed by anyone, but some people from Arab countries supported it and others attacked it. Some of these countries, like Egypt and Israel stated that the matter did not merit discussion. The United States insisted on the Camp David accords, and this plan did end, and nothing more was heard of it.

3. An eight-point plan was submitted by His Majesty King Fahd ibn 'Abd-al-'Aziz. The plan was taken to the Arab summit in Fez in 1981, but the Arab situation at that time was not conducive to formulation of a clear and specific Arab posture toward that plan. Nor were the Arabs able to adopt it as [a plan that reflected] the Arabs' position and the Arabs' thinking. Arabs were not able to ask the countries of the world, especially the United States, to determine their position on that plan despite [the following facts]:

--Europeans saw in it a new initiative that can be discussed.

--Israelis rejected it wholly and separately.

--Arabs disagreed about it. It is known that the Kingdom of Saudi Arabia is calling for an alternative and a reasonable Arab plan.

--Palestinians supported it absolutely.

These three plans were proposed in the period between June 1980 and February 1981, until the formula of 1981 and what subsequently happened.

1. A war between Palestinians and Israelis in July 1981 that lasted about 15 days. This war ended with a cease fire that was arranged by the Americans.

2. The crisis in Lebanon got worse, and Arab efforts to find a solution to the crisis failed.

3. Sustained and diligent efforts to broaden the range of Arab disputes were evident. Local conflicts developed into Arab conflicts that were being encouraged from abroad.

4. The war between Iran and Iraq began in September 1980. This war damaged the reputation of the area, [created] instability in it and undermined the Arab side in the struggle with Zionism.

5. The United States devoted its efforts to turn the region's attention toward fear of the Soviets. [The United States wanted people in the region] to consider the Arab struggle with Israel secondary.

6. Carter, who engineered and produced Camp David, lost the elections, and Anwar al-Sadat was assassinated on 6 October 1981 by individuals in the armed forces.

7. Syria concluded a friendship and cooperation agreement with the Soviet Union.

8. Socialists in France and Greece won in the elections; and Greece, Austria, the Soviet Union, India and Cuba recognized the PLO as the representative of the Palestinian people.

9. France under Mitterand began looking for a middle-of-the-road solution that would be satisfactory to the two principal parties: the Palestinians and the Israelis. The French began taking steps toward that solution, and President Mitterand and his minister of foreign affairs, Claude Cheysson made proposals for such a solution. Cheysson made such proposals during his visits to both the Kingdom of Saudi Arabia and Israel.

10. Israelis spoke about a Palestinian homeland in Jordan to get out from under the pressure placed on them by the international community and by public opinion in the United States, in Europe and even in Israel where the public began calling for establishment of a national homeland for the Palestinians on the West Bank and in Gaza.

11. The United States and Israel thought that dealing a shattering blow to the PLO would place rejection on the West Bank and the Gaza Strip in a new framework and allow the approval of those who accuse Israel of experimenting with administrative rule. It would put an end to Egypt's demand for full autonomy that includes both the land and the people. Thus, the Israeli-American war against the Palestinians was clearly a war designed to exterminate the Palestinians and to dissipate [their forces]. The war was intended to discipline the entire area, from Iraq to Mauritania. A fierce and daring battle of steadfastness was fought in Beirut by the Revolution's forces and by the joint forces. It was in Beirut that the cause of this nation was being forcefully presented and expressed by the people.

--In Europe information that was reported was clearly against the aggression which was compared to battles and sieges the Nazis imposed on all courageous and steadfast cities.

--There was a slow change in U.S. public opinion, especially in the U.S. Congress which sent its own delegation [to the area] headed by McCloskey.

--Israeli public opinion was moved. In Tel Aviv demonstrations were organized by the Peace Now Movement, and young, open-minded military men in Israel were involved in a broad movement of disapproval.

--The aggression was denounced by the UN General Assembly and by the Security Council. Resolutions 504 and 505 were issued.

--U.S. negotiations with the Palestinians through Lebanon were begun. Palestinians showed their skill in combat and in negotiations. The military results on the Palestinian scene were as follows:

1. The PLO withdrew from Beirut and from south Lebanon; its forces were distributed among several Arab countries.

2. A presidential candidate chosen by the Israelis was elected [in Lebanon].

3. The reputation of Americans in the area and all over the world became obviously poor.

4. Palestinians brought up the matter of their historical rights in front of the whole world, especially the United States, which is considered Israel's only master. It is the only country that can force Israel to recognize the rights of Palestinians to a homeland.

Hence come the ideas that were proposed by President Reagan on Thursday evening, 2 September 1982.

One can make the following observations from the general context of these ideas:

1. For the first time the United States is undermining Israel's claim that the West Bank and the Gaza Strip are liberated Israeli territory.

2. For the first time in its history the United States is admitting that the Palestinian question is not only a question of refugees, but that it is a question of the legitimate rights of the Palestinian people and their just needs.

3. The United States is clearly emphasizing that the matter of the settlements has to be stopped.

4. The U.S. initiative has been linked in a certain way with Resolution 242, which referred in one of its stipulations to the fact that there is to be withdrawal from all fronts, including the West Bank and the Gaza Strip.

5. The United States realizes that proposing this initiative after U.S. efforts, which were carried out by Philip Habib, to get the Resistance out of Beirut succeeded and before the Arab Summit is concluded would add new prospects to the anticipated implications of peace. Accordingly, U.S. proposals confirm this consequence of a continuous American presence.

6. Linking the West Bank and the Gaza Strip to Jordan, according to recent American inclinations, means among other things encouraging Jordan to participate in the peace talks. It means that the agreements which were signed by the United States and Israel after the second disengagement agreement in Sinai in 1975 would not be destroyed. This agreement stipulated that the United States was not to recognize the PLO or negotiate with it. It also gave the United States a supervisory and participatory role in subsequent steps.

7. President Reagan's initiative has to be understood in the context of the United States' strategic tendencies whose ultimate objectives are:

1. To strengthen the U.S. role.

2. To protect Israel and to insist on this protection.

3. To give the Arabs a new opportunity to begin a search for peace according to U.S. premises.

4. To create new prospects for the Camp David Accords after these became stalemated when autonomy talks between Egypt and Israel came to a standstill and Palestinians boycotted these talks.

In the course of quietly evaluating this U.S. initiative, the following facts ought to be sought.

1. The United States is now suffering from a historical guilt complex regarding the rights of the Palestinian people. The United States is feeling guilty because it neglected its role as a superpower that ought to take part in the process of championing what is right and warding off what is not. The United States feels that Israel is now strong enough to defend and protect itself.

2. The United States thinks that in the long term its interests in the area cannot be far from being suspended because of its unwavering support for Israel.

3. The United States thinks that the international community is beginning to side with Arab rights and that it appears to be isolated in the United Nations because of Israel.

4. The United States thinks that solving the problem of Palestinian self-determination ought to involve Jordan. Thus it wants to revive [the following]:

--A plan by the Hashemite Kingdom of Jordan to establish Palestine on the West Bank, the Gaza Strip and a Jordanian province on the East Bank of the Jordan River.

--The borders of Israel would be guaranteed by the establishment of a Palestinian region, and that would put an end to the 1948 demand for Palestine.

--The United States will support what is determined at the negotiating table between Jordanian and Palestinian parties and Israel.

Accordingly, there are international, Arab and Palestinian points of view which find more positive points in this initiative because it recognizes the right of the Palestinian people to determine their own destiny and to have full autonomy over the West Bank and the Gaza Strip through Jordan for a period of time that would last 5 years.

International positions and statements, as manifested in statements made by officials in Britain, France, Italy, Germany and Japan, were enthusiastic about the U.S. plan. In addition, the fact that Palestinians would discuss these ideas and reach a unified position on them, and eventually a unified Arab position would have major implications on Arab and Palestinian political action. This would place the ball in the U.S. court, since the United States is originally responsible for proposing these ideas even though Israel rejected them.

If we were to discuss the negative aspects of the initiative, we would come to the following points:

1. Evident American overstatements about preserving and safeguarding the security of Israel even though deep down Americans know that the security of the region is being disturbed by what is clear Israeli contentiousness since 1947.

2. The United States is not interested in the establishment of a fully independent Palestinian state that would preserve the legitimate rights of the Palestinian people.

3. The United States is clearly denying the role of the PLO in leading the national Palestinian struggle, despite the fact that this organization is the legitimate and the only representative of the Palestinian people.

4. The American plan did not deal with the Palestinian people who have been living in exile since 1948. There are now about 2.5 million Palestinian refugees. The fact that this subject was not dealt with is considered a violation of UN resolutions regarding the rights of those who wished to return and regarding granting compensation to those who did not wish to return. This means that three fourths of the problem is still pending and that that has led to this lengthy and broad struggle.

5. U.S. ideas did not touch upon the subject of the Golan even though it is known that Begin is applying Israeli law there with the endorsement of Congress. This is despite the fact that there is a clear stipulation [to that effect] in the withdrawal initiative. It is mentioned in Article One of Resolution 242; the English and French texts have different interpretations of that article.

The Arabs have been living through the struggle with Zionism since the beginning of this century. They lost Palestine in the 1948 war. It is known that the decision to partition Palestine which was issued on 29 November 1947 did permit the establishment of a Palestinian state in Resolution 181. This resolution was rejected by the Arabs and by Israel at that time. But the Arabs did not learn the lesson of taking something and then asking for more. In 1965 President Habib Bourguiba suggested that this plan be reconsidered, but his suggestion was rejected, scorned and dismissed. The 1967 war was another Palestine. Israel announced that it would give up land for peace, but then it began to try disavowing this statement, and it suggested the notion of secure and defensible borders. Then Israel's theory of security became evident: Israel is to have unlimited borders that are not defined in any map or book; Israel is the only country that can determine its own borders.

The 1973 war could have determined the following facts:

--A speedy Israeli withdrawal from all the land occupied in 1967.

--Establishment of a sovereign Palestinian state on the West Bank and the Gaza Strip.

--The right Palestinians had in 1948 to return, etc.

However, the vicious circle which the area has been experiencing since 1975 has given everyone the impression that Arabs have to take something and then ask for more. They have to liberate any inch of land they can, and then God will help them take care of the rest.

If Reagan's initiative is unbalanced and inadequate from our point of view as Arabs, it behooves us to try to formulate a counter Arab plan that is integrated and capable of achieving a larger measure of justice. Such a plan would guarantee the national rights of the Palestinian people, whether they are on the West Bank, in Gaza or in exile. That plan would give the PLO, the concerned party in this matter, its true role; it would bring about the full withdrawal [of Israeli forces] from the Golan, the West Bank and the Gaza Strip.

I do not understand how we can realize our wishes unless we are strong.

8592

CSO: 4404/712

TUNISIA

EFFORTS OF TUNISIAN TECHNICAL COOPERATION AGENCY DISCUSSED

Tunis AL-'AMAL Supplement in Arabic 28 Jul 82 pp 6, 7

[Article: "10 Years of Continuous Effort Strengthen Technical Cooperation between Tunisia and Fraternal and Friendly Countries; Rate of Increase in the Number of People Involved in Technical Cooperation Rose 151 Percent between 1980 and 1982"]

[Text] The Tunisian Technical Cooperation Agency underwent noticeable development from early 1980 to the end of the first half of 1981. With the beginning of the second half of 1981 the Tunisian Technical Cooperation Agency underwent radical change when the government gave technical cooperation, especially that with the countries of the Arabian Gulf, a new shot in the arm.

Ministers' visits to Gulf countries and the initiatives of the Tunisian Technical Cooperation Agency were aimed at finding out facts about the employment market for the purpose of stimulating cooperation and giving it the shot in the arm it deserved.

The fruits of this activity manifested themselves in the following:

1. Numerous delegations from the Gulf countries came to Tunisia in particular to explore the employment market.
2. Saudi Arabia established a permanent employment office in Tunisia.
3. Permanent offices for the Tunisian Technical Cooperation Agency were set up in Kuwait and in Abu Dhabi.

This activity had a positive effect on the change that occurred in commissioning a variety of Tunisian cadres to work in these countries, such as Saudi Arabia. The number of persons commissioned to work in that country underwent a marked change. By April 1982 that number amounted to 349.

Cooperation with these countries comprised several disciplines such as education, health, transportation, public works, agriculture, mechanics, engineering and other such disciplines.

The agency's activities were not confined to the countries of the Gulf only; those activities also comprised the countries of the Arab Maghreb and different countries like Malta and North Yemen. They also comprised African countries like

Djibouti, the Comoros Islands, Niger, Gabon and the Ivory Coast. The Tunisian Technical Cooperation Agency sounded out Black African countries about cooperation, but cooperation with these countries is encountering some difficulties. These are basically due to the fact that necessary funding is not available. These countries cannot put up the funding for this cooperation, and that makes it necessary to look for a third party to fund those activities.

Table Indicating the Number of Appointees Who Will Be Employed for the First Time Abroad

| The Country | Number | Discipline |
|----------------------|--------|---|
| Mauritania | 48 | Education and experts |
| Morocco | 48 | Education |
| Algeria | 22 | Education |
| Djibouti | 46 | Education |
| Comoros Islands | 10 | Education |
| Rwanda | 8 | Education |
| Saudi Arabia | 320 | Education and various other disciplines |
| Oman | 29 | Education |
| Qatar | 25 | Education |
| Kuwait | 130 | Education |
| United Arab Emirates | 30 | Education |

The Arab Fund for Technical Cooperation and the Cultural and Technical Cooperation Agency are [two] of the parties that fund cooperation operations. Through them we were able to send scores of cooperating professionals to Djibouti, to the Comoros Islands or to the Niger. The agency has now applied to international agencies, such as the World Bank, [IBRD] the UN Program for Development and the UN Volunteer Program for other sources of funding.

Tunisia's concern with finding ways to fund technical cooperation with African countries made it designate five percent of the funds it has available in the UN Development Program to stimulate cooperation with these countries.

The agency was able to make more than its share of technical cooperation agreements between Tunisia and several countries. Among those agreements is that which it made with Algeria, setting the salaries of Tunisian professionals who would be involved in these cooperative programs at one and a half times the salaries [of their counterparts] in Algeria. In the past salaries earned by Tunisians were only 1.2 times the salaries in Algeria. For many years Tunisians had requested the change but to no avail. It became evident after this agreement was made that Algeria's demand for cadres was large and that these demands exceeded Tunisia's capabilities, especially regarding instructors of mathematics and physics.

The agency also signed a preliminary agreement with Morocco indicating that the salaries of Tunisians who become involved in cooperative programs in Morocco would be double the salaries they earn in Tunisia--multiplied by 1.9.

The agency signed an agreement that was not far-reaching with the UN Volunteer Program to fund cooperative operations. This agreement will have an effect on Black Africa.

The agency signed an agreement with Mauritania in April 1982 for the purpose of training the staff for an institute that is under construction. This institute will train teachers for the elementary stage. [The agreement also comprised] sending experts to the Ministry of Education and upgrading the standards of educators with funding obtained from the World Bank [IBRD] and the African Bank for Development.

In short, cooperative operations took a decisive turn since April 1980.

This appears evident when we learn that between April 1980 and April 1981 the ratio of cooperation was only 5.5 percent and that between April 1981 and April 1982 that ratio was 63 percent. No comment is needed.

Cooperation, however, was not only confined to sending cooperating professionals to foreign countries, but it also included candidates who were bound for foreign countries.

Several international organizations took part in funding candidacy operations. Among these we mention the Cultural and Technical Cooperation Agency and the Arab Fund for Technical Assistance.

Although the change in the number of Tunisian candidates abroad from April 1980 to April 1982 has been modest--there were 20 candidates, and there are now only 31--[the number of] foreigners in Tunisia grew noticeably. In April 1980 there were only 5, but they are now 42.

An agreement was reached with the Technical Cooperation Agency; it has to do with developing foreign cadres in Tunisia in all fields.

An agreement was also reached between the Arab Fund for Technical Assistance and the Republic of Guinea-Konakri to train 25 Guinean students in translation and secretarial work in preparation for the African summit meeting. The World Bank is also funding the training of 19 Mauritanian [citizens] in Tunisia.

There is no doubt that rapid development such as that which occurred in the area of cooperation can only be accompanied by similar development in legal provisions pertaining to cooperation or in the structure of the organization that specializes in the area of cooperation. I am referring to the Tunisian Technical Cooperation Agency.

On the organizational level new structures were established locally as of early April 1981 in the Tunisian Technical Cooperation Agency. New competent staff people were appointed to enable the agency to keep up with the development that was being experienced in the field of cooperation. On the foreign level people were appointed to represent the agency in cooperating countries; offices were established to study possibilities for on site cooperation, to explore the employment market for our cadres and to keep track of the activities of professionals involved in cooperative programs in that country.

From April 1980 to April 1982 the staff grew from 22 to 41 persons. This is a 100 percent [sic?] increase, and the growth in the number of cooperating professionals is still continuing.

The Growth in the Number of Professionals Involved in Cooperative Programs from 1980 to 1982

| The Beneficiary | Number of Co-operating Professionals | 1980 Ratio to the Total | Number of Cooperating Professionals | 1982 Ratio to the Total | The Increase |
|-----------------------------|--------------------------------------|-------------------------|-------------------------------------|-------------------------|--------------------|
| Arab Maghreb | 725 | 58.5 percent | 800 | 26 percent | ..75 ⁺ |
| Arab East | 161 | 13 percent | 1,783 | 57 percent | 1,622 ⁺ |
| Africa: | | | | | |
| South of the Sahara | 160 | 13 percent | 278 | 9 percent | .118 ⁺ |
| International organizations | 193 | 15.5 percent | 254 | 8 percent | ..61 ⁺ |
| Total | 1,239 | 100 percent | 3,115 | 100 percent | 1,876 ⁺ |

Three permanent offices have also been established in the Gulf (the United Arab Emirates, Kuwait and Saudi Arabia) without permanent representatives in Algeria and Morocco.

There was also growth in the agency's material means for doing business. The diversity of countries and their different means made improvements in telephone communications a condition for success. In 1982 a telex device was installed at the agency.

The agency's continued growth has made it necessary that a new office be found. That office, a building under construction, was chosen in April 1982.

The profusion of business and the proliferation of files for candidates and co-operating professionals made it imperative that consideration be given to data processing so that data can be stored and made available in a short period of time when these data are needed. Studies now are underway for these preparations.

The Percentage of Various Disciplines in 1982

| | |
|--|-------------|
| Education (elementary, secondary and higher) | 47 percent |
| Health | 11 percent |
| Transportation | 11 percent |
| Preparation | 6 percent |
| Agriculture | 5 percent |
| Different engineering disciplines | 5 percent |
| Security | 5 percent |
| Different professions | 10 percent |
| [Total] | 100 percent |

Part of the success of cooperative operations is attributed to the agency's efforts to sensitize the media either through advertisements in daily newspapers or explanatory articles in newspapers and on radio.

The agency tries to see to it that cooperating professionals have information about the country where they will work. The agency also tries to inform itself about the results of its activities in fraternal and friendly countries. Therefore, it holds debates and gatherings around these subjects, and it works hard to conduct training courses that would enable cooperating professionals to do their work in the best possible way.

As far as legal provisions are concerned, the agency endorsed two bills that have to do with cooperating professionals. These two bills include new provisions for cooperating professionals that determine their financial rights, assure them about their futures and encourage them to participate in cooperative programs and to devote themselves fully to those programs. This would help develop technical cooperation and remove material and psychological obstacles that may interfere with its normal course.

Although these activities come under the aegis of bilateral or trilateral cooperation, the agency is active on the international scene. It participates actively in international meetings that pertain to technical cooperation. It also contributes a set of suggestions that would strengthen cooperation between developing countries. For example, it proposed a model draft international agreement that would pertain to the parties to that agreement. It proposed that periodic meetings be held among officials responsible for cooperation among developing countries.

Finally, on the first day of January 1982, the agency undertook to organize a Tunisian debate which will include directors of technical cooperation organizations in the 77 countries.

This, briefly, is the outcome of activity pertaining to technical cooperation. If it is indicative of anything, it indicates that Tunisia is insisting on the principle of integration and honest cooperation between countries. Tunisia's sincere commitment to this matter strengthens confidence in the country and places Tunisia foremost among the countries that can be relied and depended on without suspicion or reservation. This is what Tunisia has had to its credit ever since it seized control of its own fate.

8592

CSO: 4504/541

REPORT ON INDUSTRIAL PRODUCTION IN KEY SECTORS

Tunis LE TEMPS in French 8 Oct 82 pp 4-5

[Text] The last part of the economic balance sheet for the first half of 1982, drawn up by CONJONCTURE (September 1982), the journal of the Ministry of National Economy, is devoted to the situation in chemistry, the iron and steel industry, automobile production, oil and binding materials (cement, limestone) (see LE TEMPS for 3, 5, 6 and 7 October for other figures included).

In chemistry, results for the first six months showed a production of 274,000 tons of triple superphosphates, 241,500 tons of phosphoric acid and 183,400 tons of diallylphthalate (DAP). Compared with the same period of 1981, these results point to progress of 2.6 percent for superphosphates and .7 percent for phosphoric acid, while DAP experienced a decline of 2.7 percent.

With respect to marketing, foreign sales total 139,600 tons of phosphoric acid, 244,800 tons of triple superphosphate and 160,100 tons of DAP. The last two registered a drop of 6.6 and 9 percent respectively.

In value, exports amount to 35,745,000,000 dinars for phosphoric acid, 22,117,000,000 for triple superphosphate and 19,663,000,000 for diallylphthalate, or an increase of 11 percent for phosphoric acid and drops of 16 percent for phosphoric acid and 8.7 percent for superphosphates and DAP. Local sales increase compared with the same period of last year.

El Fouledh Production

Estimated production of the El Fouledh Company in steel, rolled products, wire drawn products and metal structures is 335,000 tons in 1982, compared with 371,300 tons for 1981, a drop of 9.8 percent. This drop, which mainly affects steel (down 27 percent) is explained by the 3-month shutdown scheduled for this year for the purpose of repairing and modernizing equipment. As a result, there will be more imports this year, especially of steel, to make up the difference between production and needs. The slowdown has already been felt during the first half of the year, with production totaling 132,859 tons, compared with 184,957 for the first half of 1981, a drop of 28 percent mainly affecting steel (down 53 percent).

Production of STIA

Estimated production of the Tunisian Automobile Industry Company (STIA) for 1982 is 12,452 units, a 3-percent increase over 1981 (12,095 units). Actual production of the first half of 1982 totaled 5,704 units, which represents 45.8 percent of the anticipated annual production. Compared with the results of the first half of the preceding year, production showed a 7-percent drop.

By category, production of industrial vehicles doubled between the two periods, going from 724 units in 1981 to 1,445 in 1982. In contrast, light vehicles and coaches and buses dropped 20 and 57 percent respectively. Regarding light vehicles, the drop mainly affected Peugeot 404 pickups (down 37 percent). STIA explains the drop by the fact that the authorization to import vehicle assembly parts was obtained a month late, which may have slowed the activity of the enterprise.

Oil

Crude Oil

Anticipated production: For 1982, a drop of 5.1 percent in overall production of crude oil is expected compared with the past year. Production would in fact go from 5.41 million tons in 1981 to 5.14 million in 1982. The drop is explained by the fact that some deposits are being exhausted and mainly affects Sidi El Itayem and Sidi El Itayem Est (down 15 percent). Next come Douleb Semmama (down 7 percent), El Borma (down 6 percent) and Ashtart (down 5 percent). Only Amesmda and Chouech Saïda will have the same level of production as last year.

Production of first half of 1982: Production for the first six months of this year has amounted to 2,532,256 tons, or 49.3 percent of annual estimates. With respect to deposits, El Borma achieved 50.4 percent of its estimated production for 1982, while the Ashtart deposit scarcely reached 47 percent of annual predictions. Compared with the same period of 1981, production for the first half of 1982 showed a drop of 8.5 percent. The drop essentially stems from the Ashtart deposit (down 21 percent).

Drilling

A total of 32 wells are scheduled for 1982 and 13 were drilled during the first six months of 1982, with 5 underway. The delay is explained by technical problems with drilling equipment on the world market. With respect to results, two oil discoveries were made in the Sfax region: Gremda Ouest 1 and Tina 2, in addition to signs of gas and condensates offshore: Yasmina 4.

In addition, two wells are being tested. The first, the Jugurta offshore well, yielded gas and the second is El Bibane, where the test seems to indicate the existence of oil.

Production of Chemical Fertilizers (First Six Months)

| | Production | | | Exports | | | Local Sales | | | | | |
|--|---------------|-------|--------|---------------|-------|--------|--------------------|-----------|--------|---------------|------|-------|
| | In 1,000 Tons | | % Var. | In 1,000 Tons | | % Var. | Value 1,000 Dinars | | % Var. | In 1,000 Tons | | |
| | 1981 | 1982 | | 1981 | 1982 | | 1981 | 1982 | | 1981 | 1982 | |
| Phosphoric acid (P ₂ O ₅) | 239.8 | 241.5 | +0.7 | 129.8 | 139.6 | +7.6 | 32,177.6* | 35,745.1* | +11.1 | 22.7 | 23.5 | + 3.5 |
| Triple superphosphate (TSP45) | 267.0 | 274.0 | +2.6 | 262.0 | 244.8 | -6.6 | 26,329.6 | 22,117.0 | -16.0 | 16.0 | 19.3 | +20.6 |
| Phosphate fertilizers (DAP) | 188.5 | 183.4 | -2.7 | 175.7 | 160.1 | -8.9 | 21,537.8 | 19,663.0 | - 8.7 | - | - | - |

* Including value of local sales considered as exports.

Iron and Steel Production for First Half of 1982 (unit: ton)

| | Production | | 1st Half | | 1st Half | | Percent | | Performance | |
|---------------------|------------|-----------|----------|----------|----------|------|-----------|------------|-------------|--|
| | 1981 | Estimated | 1981 | 1982 | 1982 | 1982 | Variation | Based/Est. | | |
| Steel | 173,000 | 127,000 | 88,252 | 41,361** | - 53% | 32% | | | | |
| Rolled products | 164,000 | 176,000 | 78,350 | 75,264* | - 4% | 43% | | | | |
| Wire-drawn products | 24,300 | 22,000 | 12,918 | 11,471* | - 11% | 52% | | | | |
| Metal structures | 10,000 | 10,000 | 5,437 | 4,763 | - 12% | 48% | | | | |
| Total | 371,300 | 335,000 | 184,957 | 132,859 | -28% | 40% | | | | |

** Delay due to slowdown for annual inspection of equipment.

* Three-month shutdown for repair and modernization of equipment.

Automobile Industry Production (unit: vehicle)

| | Built 1981 | | Estimated 1982 | | 1st Half 1981 | | 1st Half 1982 | | Variation | |
|----------------------------------|------------|-----------|----------------|-------|---------------|----------|---------------|------|-----------|--|
| | 1981 | Estimated | 1982 | 1982 | 1981 | 1982 | 1982 | 1982 | | |
| Light vehicles incl. 404 pickups | 10,124 | 10,360 | (6,000) | 5,242 | 4,191 | (2,122)* | - 20% | | | |
| Indus.veh. (trucks) | 1,639 | 1,892 | 724 | 1,445 | 1,445 | + 100% | | | | |
| Coaches and buses | 332 | 200 | 154 | 66 | 66 | - 57% | | | | |
| Total | 12,095 | 12,452 | 6,120 | 5,702 | 5,702 | - 7% | | | | |

*Slowdown due to interruption in supply of spare parts.

Crude Oil Production (in tons)

| | 1981 Prod. | Est. 1982 | 1st Half 81 | 1st Half 82 | Var. 1st Half 81-82 | Rate of Performance |
|----------|------------|-----------|-------------|-------------|---------------------|---------------------|
| E1 Borma | 3,301,074 | 3,250,000 | 1,660,623 | 1,637,108 | - 1.5% | 50.4% |
| Ashtart | 1,847,853 | 1,650,000 | 972,215 | 769,095 | - 21 % | 46.6% |
| Others | 261,750 | 236,000 | 135,743 | 124,550 | - 8.2% | 52.8% |
| Total | 5,410,677 | 5,136,000 | 2,768,581 | 2,532,256 | - 8.5% | 49.3% |

Refinery Production First Six Months of 1981 (in tons)

| | 1981 Prod. | Est. 1982 | 1st Half 81 | 1st Half 82 | % Var. | Performance |
|---------------------|------------|-----------|-------------|-------------|--------|-------------|
| LPG | 28,611 | 28,000 | 14,100 | 13,700 | - 3% | 49% |
| Super gasoline | 88,082 | 99,000 | 45,100 | 28,500 | - 37% | 29% |
| Regular gasoline | 66,319 | 68,000 | 29,000 | 33,200 | + 14% | 49% |
| Kerosene | 122,815 | 118,000 | 69,500 | 60,900 | - 13% | 52% |
| Diesel | 422,925 | 400,000 | 180,000 | 180,000 | + 0% | 45% |
| Fuel oil | 653,703 | 611,000 | 301,000 | 257,500 | - 15% | 42% |
| Steg [sic] gasoline | 10,920 | 12,000 | 6,100 | 6,700 | + 10% | 56% |
| Virgin naphtha | 118,582 | 159,000 | 50,000 | 80,700 | + 60% | 51% |
| Total | 1,511,957 | 1,495,000 | 694,800 | 661,200 | - 5% | 44% |

Marketing of Oil Products, 1st Half of 1982 (in tons)

| | 1981 | 1982 | Percent Variation |
|-----------------------------|-----------|--------------|-------------------|
| | Tons | 1,000 Dinars | Quantity Value |
| Imports | | | |
| Crude | 445,157 | 51.2 | - 37% - 20 % |
| Processed finished products | 406,106 | 49.3 | - 53% - 50 % |
| Direct purchases fin. prod. | 278,970 | 39.0 | + 54% + 55 % |
| Total | 1,130,233 | 139.5 | - 20% - 9.3% |

Marketing of Oil Products, 1st Half of 1982 (cont.)

| | | | | | | |
|---------------------------------------|-----------|-------|-----------|-------|---------|---------|
| Exports | | | | | | |
| Crude | | | | | | |
| Ashtart | 199,965 | 25.8 | 244,474 | 30.5 | + 22.2% | + 18.1% |
| Zarzaítine | 1,044,490 | 151.8 | 1,093,439 | 161.1 | + 4.6% | + 6 % |
| Total | 1,244,456 | 177.6 | 1,337,913 | 191.6 | + 7.5% | + 7.8% |
| Crude taken our for processing | | | | | | |
| | 474,894 | 32.7 | 193,826 | 24 | - 60 % | - 55 % |
| Total | 1,719,350 | 230.3 | 1,531,739 | 215.6 | - 11 % | - 7% |

Production of Binding Materials (in 1,000 tons)

| | Production 1981 | Estimate 1982 | 1st 6 Mos. 1981 | 1st 6 Mos. 1982 | Variation |
|-----------------|--------------------|------------------|--------------------|--------------------|-----------|
| Cement | | | | | |
| CAT* | 398 | 380 | 167 | 190 | + 14 % |
| CPB* | 626 | 680 | 346 | 340 | - 1.7% |
| SCG* | 455 | 516 | 260 | 258 | - 0.7% |
| SICO* | 526 | 511 | 271 | 255 | - 6 % |
| Total | 2,005 | 2,087 | 1,044 | 1,043 | - |
| Artificial lime | | | | | |
| CAT | 124 | 130 | 53 | 65 | + 23 % |
| CPB | 74 | 100 | 36 | 50 | + 39 % |
| SCG | 78 | 135 | 51 | 67 | + 31 % |
| SICO | 85 | 90 | 49 | 45 | - 8.2% |
| Total | 361 | 455 | 189 | 227 | + 20 % |
| Hydraulic lime | | | | | |
| CAT | 45 | 50 | 23 | 25 | + 8.7% |
| Potinville | 63 | 65 | 30 | 32 | + 6.7% |
| Total | 108 | 115 | 53 | 57 | + 7.5% |

* Expansion unknown

Refining

By the end of the first six months of 1982, STIR [Tunisian Refining Company] had produced 661,200 tons of refined products, compared with 694,800 tons during the same period of the preceding year, a 5-percent drop.

This production represents 44 percent of the annual estimated production for 1982, compared with 46 percent in 1981. With respect to products, super gasoline dropped 37 percent compared with the first half of 1982, while fuel oil went down 15 percent, kerosene 13 percent, and finally, LPG 3 percent.

Marketing

Marketing of Tunisian Crude Oil

During the first half of 1982, the marketing of Tunisian crude oil on the foreign market totaled 1,532,000 tons, compared with 1,719,000 tons for the same period of the preceding year. The drop of 187,000 tons, or 11 percent, is an expression of the drop in crude oil production.

Exports: Exports of crude oil increased 7.5 percent compared with the first half of 1981, while with respect to quality, Zarzaitine increased 4.6 percent and Ashtart 22.2 percent.

Processing: The amount of Ashtart crude available is divided between exports and processing. Since Ashtart production dropped and exports increased, the amounts processed during the first half of 1982 represent about 40 percent of the volume recorded during the same quarter of last year.

Anticipated marketing during second half of 1982: Based on the current rate of production of SITEP [Italian-Tunisian Petroleum Exploitation Company], the volume available for the second half of 1982 will total 2,060,000 tons, including 1.5 million tons of Zarzaitine crude. The amount will be distributed as follows:

| <u>Distribution</u> | <u>Zarzaitine</u> | <u>Ashtart</u> |
|---------------------|-------------------|----------------|
| Available | 1,500,000 | 560,000 |
| Exports | 550,000 | 300,000 |
| Local market STIR | 950,000 | -- |
| Processing | -- | 260,000 |

Imports of oil products: Imports of Arab light crude dropped 37 percent compared with the first half of 1981, going from 445,000 tons to 282,000 tons. For refined products, volumes from processing dropped 53 percent compared with the first half of last year. However, the drop was offset by the 54-percent increase in direct purchases. Thus, the processing share out of the total amount of refined products imported came to 30 percent, compared with 60 percent during the first half of 1981.

Actually, the relatively strong position of Ashtart crude on the market encouraged direct sales of crude and direct purchases of refined products to the detriment of processing.

Bonding Agents

During the first half of 1981, production of cement stabilized at its level of the same period of last year (1,044,000 tons). Actually, the 14-percent increase observed for the CAT was offset by drops of 6, 1.7 and .7 percent for SICO, the CPB and the SCG.

For artificial lime, there was a 20-percent increase compared with the first half of 1981 from the CPB (up 39 percent), the SCG (up 31 percent) and CAT (up 23 percent).

On the other hand, cement from the west registered an 8-percent decline in production of artificial lime.

Finally, with respect to hydraulic lime, CAT increased 8.7 percent and Potinville 6.7 percent, an overall increase of 7.5 percent.

11,464

CSO: 4519/41

REGIONAL TRANSPORT COMPANY'S EXPANSION, PERSONNEL PROGRAMS DESCRIBED

Tunis DIALOGUE in French No 423, 11 Oct 82 pp 42, 43

[Text] Established initially on 22 July 1961 under the name Cap-Bon National Company, with a capital of 18,500 dinars, it was later named the Cap-Bon Regional Transport Company (SRTGN), with a capital of 100,000 dinars. The company's success increased this successively to 200,000 dinars on 14 July 1978, 300,000 dinars by 26 September 1979, and 500,000 dinars on 8 October 1982.

SRTGN is a public company whose main activity is public transportation of people and freight. It is a mixed economy establishment of industrial and commercial nature, with 53.2 percent of the capital held by the state and 46.8 percent by private individuals.

SRTGN is under the supervision of the minister of transport and communications. However, the regional authorities and local communities do have right of review because of their shareholdings and the fact that they are represented on the board of directors of the company.

Model Development

Thanks to the consistent efforts of its personnel and staff, led by the chairman and general manager, Habib Ladib, SRTGN has made great achievements in the past few years.

The company's business developed as follows from 1963 to 1981:

| <u>Year</u> | <u>Turnover</u> | <u>Percentage</u> |
|-------------|-----------------|-------------------|
| 1963 | 239,275.439 | -- |
| 1973 | 1,145,312,419 | 378.66 |
| 1980 | 3,843,723.590 | 235.6 |
| 1981 | 4,666,729.581 | 21.41 |

The same kind of progress occurred in the motor pool:

| <u>Year</u> | <u>Number of Buses</u> | <u>Number of Trucks</u> |
|-------------|------------------------|-------------------------|
| 1963 | 27 | 53 |
| 1973 | 84 | 71 |
| 1980 | 104 | 54 |
| 1981 | 1:2 [as published] | 73 |

When it took over, this management found a motor pool in bad condition, with a variety of makes, and to overcome these drawbacks concentrated on rational management. Also, it introduced a plan, with two main objectives: replacement of the vehicles, and standardization of makes of vehicle.

This plan was implemented beginning in 1973. Also, the company decided to obtain large vehicles (attached buses for carrying passengers and large-tonnage trucks for freight). These new units are intended to make operation cost-effective and meet the urgent needs of the citizens.

Also, the company has adopted the system of preventive maintenance of all its vehicles, both for reasons of economic efficiency and to insure total safety for its passengers. Similarly, the company has systematized management of spareparts in order to avoid use of "jerry-built" replacements, has tightened up on repair shops, and has equipped most of the centers with washing and lubricating facilities.

In respect to transport planning, the company has developed an active approach of studying the profitability of its routes and possible extensions, always weighing public needs against maximum cost-effectiveness.

All these coordinated efforts have made this a front-rank company and made possible substantial incentives to its staff, who are convinced that involvement in their company's effort is a guarantee of their future and individual development.

Calm Social Climate

The company has made very effort to improve the working conditions of its staff, provide comprehensive social benefits, award bonuses and extra benefits, and, finally, to establish a climate of confidence and mutual understanding among the various elements within the enterprise (union, professional core, and administration).

In addition, the company has an effect on the surrounding environment by stimulating the economic and social life of the area, and by contributing, both in personnel and funds, to the sport and youth organizations and the cultural centers to help them perform their role under favorable conditions.

To these, we should add the various social benefits to staff. In 1981, a total of 1,362,666 dinars was paid to 520 staff in salaries. By the end of

September 1982, more than 1,208,403 dinars in salary have been paid to 551 staff members, without mentioning the bonuses and social benefits, housing loans and assistance, gifts, provision of school supplies and achievement awards, trips and holiday centers, gifts of sheep, pilgrimage gifts...

SRTGN also has a number of doctor labor specialists and a very developed preventive health network.

SRTGN also provides its personnel with facilities equipped with all forms of recreation (TV, library, chess, etc).

Continuing Training

In order to socially advance its staff members and assist them in proving their own financial situation, the company has spared no effort to encourage their professional and technical advancement.

It has thus introduced a large training program, with the approval of the Office for the Employment and Vocational Training of Tunisian Workers Abroad (OTTEEF), with the following main features:

- Integrated training of apprentices in general mechanics, electricity, etc.
- Integrated training of new recruits.
- Sending selected staff for training abroad.
- Retraining in specialized institutions.
- As part of the company's community relations objective, it is giving practical training in its central workshop at Grombalia to some Grombalia technical high school students for an agreed period of 3 years.
- Finally, in 1981 SRTGN was the first enterprise in the area to recruit a first batch of trainees under the formula "contract-training-employment."

All these company actions to the benefit of its personnel and others had positive effects on the output of its staff, and earned it the social progress prize for 1981.

Also, the chairman general manager and two staff members were awarded the medal of the republic (third and fourth category).

Well-founded Optimism

As Habib Ladib said in a press conference on this 20th anniversary: "We look to the future with well-founded optimism. A huge program has been established within the SRTGN's framework of harmonious and balanced development."

Investments

The company's satisfactory financial situation enables it to improve and modernize its vehicle pool through acquiring new units progressively, particularly freight vehicles. Nevertheless, we plan a total of 10 million dinars to investments in the sixth plan.

Also, the company will improve the operation of its workshops by acquiring modern, suitable equipment, which will coincide with the qualitative and quantitative development of its services. It will expand the location of service stations in its other centers, and will build garages and roadside shelters for the benefit of passengers as part of its improvement of the quality of service to its customers.

Transport Service

In respect to transport of passengers, the company will work during the sixth plan to inaugurate new routes and to improve operation on existing routes. Alongside its primary activity, the company will try to promote specialized operations as part of its goal, following government recommendations, to establish subsidiary companies with specific purposes, for example, tourist transport, including agreements with travel agencies.... Rural transportation is a particular concern of SRTGN. It continues to have a stake in the making of trails as part of the rural development program.

As for freight transport, the company will have an interest in establishing markets and in trade promotion; it will strive to expand the variety of products transported, to increase large-tonnage transportation, and to expand its activity throughout the republic and to neighboring countries.

Social Area

The company will continue its efforts to improve working conditions. Also, personnel will be motivated in various ways to operate the equipment under the best possible conditions.

In this connection, the company is ready to apply all the provisions of the new personnel law due to appear shortly.

Finally, the company will follow a more flexible recruitment policy and will strive to its best ability to preserve the atmosphere of social peace and mutual confidence among the various elements within the company.

9920

CSO: 4519/32

END

END OF

FICHE

DATE FILMED

Nov 29 1982